FEATURING BANKING AND INSURANCE

THE FINANCIAL POST
OF CANADA

The Canadian Newspaper for Investors

VOL. XI. SINGLE COPIES, 10 CENTS. PUBLICATION OFFICE: TORONTO, APRIL 21, 1917 ANNUAL SUBSCRIPTION $3.00. No. 16

SOME OPINIONS ON FREE WHEAT SHOW DIVERSITY

Feeling Expressed That American Buying May be a Menace.

POSSIBLE EFFECT ON EXPORTS

General Opinion That Conditions Will Regulate Themselves in Normal Times, by Opening New Markets.

The sudden promulgation of the Order-in-Council removing the Canadian Tariff on wheat and wheat products, and thus automatically bringing Canada under the operation of the Wilson-Underwood Bill of 1913, has made free wheat, so long urged by the farmers of Canada, an established fact. There is a very considerable diversity of opinion, as to what will be the actual effects of this new measure. This question has been so much a part of the warp and woof of party politics, that it is difficult even at this date to dissociate the actual question from its political significance. For that reason perhaps, there are two very decided view points on the question.

An official of a large milling corporation with headquarters in Toronto, is emphatically of the opinion that it will have a tendency to materially enhance the prices of all wheat commodities, especially for domestic business. The export business in these commodities is now almost entirely controlled by the British government under long standing contracts, and consequently, in this line, little change is to be expected. This official, however, contends that there will be very large buying by Western American mills whose location is favorable for handling Canadian grain, and that consequently there will be less gain available for the Canadian mills, which this official contends is a condition fraught with dangerous possibilities.

A Western despatch quotes W. B. Lanigan traffic manager of the C.P.R. as saying that there was considerable danger of the great part of Canada's wheat being consumed in the United States, by government and mill buying if action is not taken by the Canadian Government to guard against this possibility by immediate steps being taken to transport it to the United Kingdom.

Does Not Expect Enhanced Prices

On the other hand J. E. Anderson of the Lake of the Woods Milling Company is of the opinion that the changed conditions will have very little effect on the flour situation in Canada, though he expects considerable temporary activity in wheat owing to the excited condition incident upon such an unexpected step.

N. H. Campbell of the Campbell Milling Company, Toronto, contends that the move is for the benefit of the country at large. Being on the highway to the seaboard he does not believe that Canada, or Canadian millers have anything to fear from the change. In his opinion it will mean higher prices probably until this season's crop is harvested. This has been made manifest by the advance of Ontario wheat from 20 to 30 cents a bushel.

Another reason why the move will be of great value to Canada at the present time, according to Mr. Campbell, is the fact that there is such a large percentage of low grade wheat yet remaining in the West. Under the new conditions there is a good market for this wheat which was lacking before owing to the high American tariff.

Opening for Canadians in New England States.

Owing to the excited state of the wheat market, Mr. Campbell stated that he was prepared to see high prices for some time to come, but he predicts a gradual return to normal For one thing. The New England States will become a great market for Canadian wheat products. Up to the present Canadian mills have been too busy to pay much attention to this field, but with the return of normal conditions, Canadian Millers will be in a position to compete ad-

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NEWS OF SECURITIES.

THE FINANCIAL POST'S review of the Canadian Security Markets will be found on page 2, 3, 4 and 5, under the following heads: STEEL STOCKS, PULP AND PAPER, TEXTILES, MILLING, MINING, TRANSPORTATION, ELECTRIC RAILWAYS, LIGHT AND POWER. Other stocks, including general industrial and other securities not embraced in the foregoing groups are arranged in alphabetical order.

FRIDAY'S PRICES.

Following are Canadian stock transactions at Friday morning's session:

	High	Low
Steel of Can.	61⅝	60⅞
Do., pref.	92½	92½
Steamships	37¼	37
Do., pref.	84	83½
Smelters	27	26¾
Russell, pref.	115½	115
Tor. Paper	88	87¼
N.S. Steel	90¼	90
Cement	61	60
C.P.R.	161½	161½
Brazilian	38¼	37
Pac. Burt	38	38
Maple Leaf	110⅝	109⅝
Do., pref.	95	94½
Quebec Rly.	28	28
Duluth	50	50
Mackay	85⅝	85⅝
Do., pref.	65	65
Locomotive	61	61
Do., pref.	90	89
Can. Salt	134	134
Barcelona	11⅝	11⅝
Dom. Steel	61¼	61¼

A PROSPEROUS YEAR FOR TEXTILE MILLS

Outlook is Good, But Labor Gives Promise of Being Disturbing Factor.

The most prosperous year in the history of their mills was the universal report submitted at the annual meeting of the Canadian Knit Goods Manufacturers' Association, held at Hamilton. As the head of one factory said to THE FINANCIAL POST: "Yes, we made a high record last year, but we are not talking much about profits, of course. It isn't always good for business."

There were one or two points, however, that had a tendency to modify the otherwise favorable situation. One of these was the scarcity of labor. It was agreed that the turn had come at last in male labor, and with the coming back of the soldiers in increasing numbers there was an appreciable easing up. Not so with female help, which is by far the more important in the knitting mills. With the demands of the munition works on the increase and more calls from other factories, the knit goods mills are finding it more and more difficult to keep the looms occupied, even at a constant increase in the wage scale. This element is interfering seriously with the output for the present year and holding down the orders that the mills will accept for fall.

Another complaint that came before the association was the heavy increase in the assessment levied by the Workmen's Compensation Board for the Province of Ontario. The levies are based on the pay roll of the various mills, on a certain percentage figure, that changes for each class of factory, and during the past year the pay rolls have gone up anywhere from 10 to 25 per cent. for the same number of employees, and that, too, with a smaller efficiency and often smaller output. While the rate charged by the board remains the same, the gross assessment has gone up automatically. An endeavor will be made to have some consideration given this by the board.

In the election of officers, Mr. I. Bonner, general manager of Penman's, who had been president, retired, and Mr. Chas. Turnbull, president of the C. Turnbull Co., of Galt, the vice-president, went up. The new vice-president is Mr. Richard Thompson, president of Hawthorne Mills, of Carleton Place. The secretary since the organization of the association, Mr. W. J. Westaway, was chosen again, and Hamilton will continue as the head office of the association.

C. P. LUMBER CO.

New Syndicate to Take Over Big Plant at Port Moody.

Through an arrangement just completed by F. W. Reynolds, formerly of Toronto, the big mill and plant of the Canadian Pacific Lumber Co., of Port Moody, will be taken over by a Vancouver financial syndicate, with whom are associated M. J. Haney, of Toronto, who is president of the company. The vice-president is Richard P. Gough. C. A. Barnard, of Montreal, and J. F. M. Stewart, of Toronto, are associated in the company as directors. The mill at Port Moody, at the upper end of Burrard Inlet, is situated on tidewater, and is well adapted to advantageous shipping. It will be improved and operated to its fullest capacity.

EVILS IN THE ARMY ARISING OUT OF THE LIQUOR TRAFFIC; MILLIONS LOST TO CANADA

Wet Canteen is Ruining Countless Canadian Soldiers—Vice Rampant as a Result of Liquor Obtainable in the Army—How This Affects Canada in Dollars and Cents, Adding to Our Heavy Burden of Debt.

That conditions exist in the army which are evil and wasteful from every standpoint is shown in the following article by Captain Paul Goforth. THE FINANCIAL POST has without cessation fought for efficiency in our system of army control, taking the stand that laxness and red tape must be eliminated, that practices built on precedent and political expediency must be swept aside. It is not only a matter of doing our best to win the war; it is equally a matter of doing our best without needlessly running into headlong, ruinous waste—waste of money, waste of time and, worst of all, waste of men. The official laxness that took men out of civic life who were later found unfit for military service and which did not provide proper hospital facilities for the wounded and so turned men back into civil life broken and handicapped, was exposed by THE FINANCIAL POST on the ground that it was wasteful, that it was cramping industry and adding incalculably to the heavy war burdens that Canada must pay. On the same ground THE FINANCIAL POST regards the liquor evil in the army as another evidence of criminal waste. Men are being ruined needlessly and shamefully; and each man thus rendered unfit for useful citizenship when he goes back to civil life is a direct loss to the country, a loss that could be reckoned in dollars and cents.

Captain Goforth writes from the moral standpoint. THE FINANCIAL POST, as befits the responsibility it feels toward its own clientele, desires to throw light on the problem from the broad standpoint of the terrifying waste involved, the burden of which the people of Canada and particularly the class represented by the readers of THE FINANCIAL POST, will have to bear.

The root of the liquor evil is found in Great Britain. Far behind the other belligerents—France, Russia, the United States and Germany—England lags, too lethargic or too fearful to throw off the incubus that is debilitating her soldiers and Canada's soldiers, morally and physically, and blighting her financial strength. One of the earliest, as well as one of the most courageous and efficient of the acts of Sir Sam Hughes was to insist on a dry canteen for the Canadian Expeditionary Forces; and it has worked untold damage to Canada's soldiers that the Canadian regulation, whether by British military insistence or weak-kneed surrender on the part of some Canadian official overseas, was overridden, and a wet canteen started in full swing in every camp.

A few days ago the late Superintendent of the Toronto General Hospital, Dr. C. K. Clarke, startled the country by bluntly revealing the shocking consequences upon young Canadian manhood, and on future generations as well, from the alarming prevalence of a disease that is almost the inevitable by-product of intemperance; a legacy of the lax conditions that surround our soldiers in British camps and across the Channel.

That there is no excuse for the failure of the British to grapple with the liquor problem is most convincingly demonstrated by the firm attitude of the other belligerents. The truth of the matter is that the British distillery and brewing interests, knowing themselves strongly intrenched, are putting personal interests before national and are grasping for their filthy profits in the face of national peril and the shocking spread of vice in the army. Contrast this with the fact that Congress had hardly acquiesced in the declaration of war before the distillers and brewers of the United States had met of their own accord to consider plans for cutting down the consumption of foodstuffs in their products in order to conserve the supply for their own country and their Allies. Many instances are already known of American distillers closing down their plants for patriotic purposes and purely of their own accord. After three years of frightful warfare, the British still cling to drink and accept all the evils that go with it—even the possibility of failing to win the war because of it! Entering the war, knowing nothing of its grim lessons, the United States is already prepared to meet such problems squarely. There is a contrast here that cannot fail to impress Canadians. It is not going too far to assert that Canada has won the right to demand reform from Britain when the evil complained of exacts its toll from Canadian troops. Interests which oppose any measures for temporary suppression of the sale of liquor to soldiers, sailors and munition workers are in reality helping the enemy.

THE FINANCIAL POST was the first paper to expose the frightful conditions of the medical service in Great Britain, which led to the reorganization of the service. It now feels impelled to expose the equally wasteful and criminal laxness in regard to the liquor traffic. THE POST is on record as opposed to confiscation and has advocated the remuneration of investors in the wine and spirit industry.

WHAT THE ARMY LOSES THROUGH DRINK

By Captain Paul Goforth.

Casualties and other losses caused by the liquor traffic are not published as such in the official lists. The problem, however, is becoming more pressing and insistent every day; and other means must be found for bringing it to the attention of the public.

Some of the revelations I intend to make may be regarded as breaches of military discipline, but it is high time that someone in the army spoke out plainly to the people at home, and I accept the responsibility for what I have to say. I am speaking, not as an officer criticising my superiors in the service, but as a citizen of Canada and a British subject protesting against the continuance, in any form, of an unpatriotic and costly traffic which hampers the work of the army at every turn and which has ruined and is ruining thousands of our best officers, non-commissioned officers, and men.

On August 21, 1914, I left Springhill, N.S., for Valcartier as a private on the detachment from the 93rd Cilitia Regiment. Liquor of all kinds was bought and sold through the car windows at Moncton, N.B. Water bottles were quickly filled with whisky or gin, and inside of an hour half the men on the train were either noisily drunk or "paralyzed." Empty purses and the craving for more drink soon developed a mob spirit, and raids were made on hotels and shops at several places where the train stopped during the night. Many of the men detailed for guard duty on the doors could only be called sober because they were not precisely "drunk."

At Quebec City, water bottles were refilled with whiskey, gin and brandy; and several young fellows drank themselves drunk for the first time. On detraining at Valcartier Station, the majority of the detachment slouched or staggered, and several had to be carried, into camp. With nine other privates I was allotted a tent in which we found some officer's batman stretched out beside a suit case. When we told the batman that the tent had been allotted to us, he staggered out, leaving the suitcase behind. We removed our

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TAXING UTILITIES.

New Charges Being Made by Nova Scotia Government.

A bill introduced in the Nova Scotia Legislature by the Government, provides for a tax on all electric or telephone companies with a capital of $30,000 or more, of one per cent. on their gross earnings. The limitation of the amount of capital has the effect of making the tax apply to four companies only—the Maritime Telegraph and Telephone, the Cape Breton Electric, the tramway at New Glasgow and adjoining towns, and the Nova Scotia Tramways and Power Company.

An amended bill regarding telephone taxation has also been introduced by Premier Murray. It is now made to cover companies supplying electricity and gas. A tax of twenty-five cents on each telephone is provided for and a similar tax on each gas meter and electricity meter. The tax of five cents on each long distance telephone message costing twenty-five cents or more, remains, and a tax of 75 per cent. on all profits over 8 per cent.

BIG FISHING COMPANY HAS BEEN FORMED

Leonard Fisheries Incorporated With Million Capital—Three Concerns Taken In.

The Leonard Fisheries, Limited, has been incorporated with a capital of $1,000,000, and has taken over the old-established fish firms of Leonard Bros., Montreal, St. John, N.B., and Grand River, Que.; Matthews & Scott, Queensport, Canso, and Cheticamp, N.S., and A. Wilson & Sons, Halifax, Canso, Igonish, and Petit de Grat, N.S. The new corporation has also acquired the cold storage plant at Port Hawkesbury, N.S., which was purchased last fall by the members of the firm of Leonard Bros., and which formerly belonged to the North Atlantic Fisheries, Limited. This is one of the largest cold storage plants in Canada.

The Leonard Fisheries will be one of the largest fishing corporations on the continent. In addition to the acquistion of the various plants mentioned, the corporation has purchased a number of fishing vessels, and will add to its fleet from time to time.

The firm of Leonard Bros., the dominant unit in the organization, has been in business in Montreal for nearly half a century, their operations extending from Coast to Coast. They have also supplied large quantities of fish to the United States markets, and are shipping overseas to the troops.

W. F. Leonard and D. J. Byrne, of the firm of Leonard Bros., will be president and vice-president respectively, of the new corporation. Mr. Byrne will be the general manager. The other members of the board are R. T. Matthews, S. Y. Wilson, and W. P. Scott.

The Leonard Fisheries will be a close corporation. No public offering of stock will be made, as all the financing has been arranged. The head office of the company will be at Montreal.

THE QUEBEC BRIDGE.

New Span to be Ready by Middle of August.

In the course of an interview with THE FINANCIAL POST this week, Phelps Johnson, president of the Dominion Bridge Company, which has been put on a straight 10 per cent. dividend basis, stated that the company expected to have the new span for the Quebec Bridge, which it is fabricating, ready to put in position by the middle of August. It would have been ready much earlier but for the difficulties in obtaining the necessary materials. The trouble was not so much with the mills as with the railways.

Asked by THE POST concerning the report that the company was about to engage in the manufacture of marine engines, Mr. Johnson said: "We are looking into the possibilities of half a dozen new lines. It does not pay to stand still, nor to overlook any opportunities."

Mr. Johnson said that there was no truth in the report that the company had taken a contract to build a bridge for the Russian Government.

IMPERIAL BOARD IS EXTENDING STEEL ORDERS

Output for First Half of 1918 Required For Munitions.

ACTIVITY IS ASSURED

Industrial Operations Should Continue on Large Scale But Profits Lower—The Labor Situation West and East.

One of the largest of Canada's steel producing enterprises has been asked by the Imperial Munitions board to conserve its output of steel for national interests for the first half of 1918 and to refrain so far as possible from taking other business in the interval which might interfere with the supply for its purposes. This gives assurance that the period of prosperity for the greatest of the manufacturing industries will continue for a somewhat longer period than had been previously definitely indicated. At the same time so far as munitions orders in Canada are concerned there may be a further reduction of volume of business in the finished shells as Britain increases production. However, active demand and high prices for steel and steel products may be expected to continue and the steel trades are usually more or less a barometer of the industrial situation.

With such assurance of a continued demand for steel in Canada and with the United States preparing for a three year's war there is every reason to look for continued industrial activity. The question of profits is another matter and it is on this point that much uncertainty is being felt in both Canada and the United States as reflected in the actions of the security markets. Commodity prices have reached such a high level that wages are being forced to abnormal rates and at the same time consumption in many lines is being checked; cost of raw material and prices for the finished product are being adjusted so that the margin of profit is being narrowed; and over all is the uncertainty as to what may be the effect of a readjustment from the present high levels even though every reasonable precaution may be taken to prevent a sudden shock to be economic structure.

Business continues generally satisfactory without much change in the conditions which have been experienced for some time. In many lines it is noted that the high prices are having some effect in checking extravagant buying but there is no evidence that the buying power of the public is being materially reduced.

The Labor Situation.

In practically every branch of industry the labor problem is becoming an increasingly important issue. Shortage of supply and the high cost of living are factors affecting the situation. Strange to relate further reports from Western Canada confirm what has already been stated in these columns that there is no serious shortage of farm labor on the prairies. Evidently there has been a considerable influx from the Western States. On the other hand production in the most Eastern portions of Canada is being threatened. This is particularly true as regards the coal mines of Nova Scotia. The recruiting campaigns took so many of the experienced miners that it is now impossible to get out the required supplies. Application has been made to the department of Trade and Commerce for permission to bring men back from the front but this has not been granted and late reports indicate that interned aliens will be put to work to relieve the situation.

Western reports as to weather conditions are conflicting. In some sections an early season is predicted and in others conditions are cold and backward. In Ontario and the East, spring weather has been delayed but there has been a marked improvement of late.

Business Failures.

According to returns to R. G. Dun & Company, the number of failures in Canada for the first quarter of 1917, totalling 370, was the lowest for that period in any year of which record is

Continued on page 6.

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NEWS OF SECURITIES—Markets Generally Soft

STEEL

Little Change in Securities Market—American Situation Being Watched With Interest.

By P. Bain, M.E., Editor Canadian Machinery.

The market during the week has been quiet, and there has been little change in the relative position of steel securities. Trading has been light and the market narrow. The situation is at present dominated by the prospective war financing by the American Government, and investors are showing little interest in the market until this matter is disposed of and the outlook becomes less obscure. The proposed war tax on industries in the United States, and reports that some belligerents are anxious for a separate peace, are also affecting the situation and tending to weaken the market.

As far as actual business is concerned, however, the outlook is promising and the prevailing activity in the trade will doubtless continue well into next year; in fact, the mills are already assured of considerable business for the first quarter of 1918, and in some cases for even a longer period. Thus any weakness that may develop in stocks will be due to external conditions rather than to any material falling off in business. While the present activity will continue for the duration of the war, the demand for steel after peace has been concluded will doubtless be heavy, and thus ensure considerable business for the mills for an extended period. Operating conditions at the mills continue to improve and production is steadily increasing.

Developments in the steel market in the United States are being followed closely by Canadian interests, as the trend of events there will be reflected in this country. The fixing of prices between the steel makers and the American Government has not as yet affected the steel market, probably because of the comparatively small tonnage at present involved. The agreed prices are $2.90 for plates and $2.50 for structural shapes and steel bars. Operating schedules have been arranged to give Government material precedence over all other business. Although these figures represent a substantial concession, current prices have not been as yet affected; in fact, indications point to a higher price on steel rather than a revision to lower levels, as predicted in some quarters. There is still some possibility of the Allied Governments sharing in the U. S. Government's arrangements, in which event the aspect of the situation would be changed. Furthermore, the requirements of the American Government may ultimately develop into considerable tonnage, a contingency which would likely have an important effect on the situation. In the meantime prices are steadily advancing. A halt in the upward movement seems unlikely, as the mills are sold to capacity for several months ahead, and the demand for steel is on the increase. Owing to developments in the States, private consumers in Canada importing steel material may suffer from a further delay in deliveries and higher prices. For instance, prices of plates and black sheets have again advanced. Plates are now quoted at $7.50, and heads at $7.60 per 100 lbs. The demand for plates continues very heavy, and some mills, it is reported, are refusing tonnage, being unable to accept any more business owing to the difficulty of making deliveries.

The pig iron market continues strong, but it is difficult to name a firm price, as the situation is so uncertain. While $47 might be quoted on domestic foundry iron, this price is entirely nominal, and is liable to advance any day. The tight situation is largely due to the heavy demand for pig iron and sold-up condition of the furnaces, while stocks are also very low. Although $45 is being quoted at Buffalo for fairly good delivery, there is very little iron available, a situation which is reflected over here.

	Close April 12	Close April 19	Change
Can. Car, com.	30	30	..
Do., pref.	72	71½	— ½
Can. Loco., com.....	63½	62	— 1½
Dom. Bridge	132	133⅝	+ ⅝
Dom. Steel	64⅛	62½	— 1⅝
N.S. Steel, com......	97	91¾	— 5¼
Steel of Can., com...	63¾	62	— 1¾
Do., pref.	92½	93½	+ 1
Steel Fdry.	180	158½	—21½

UNITED STATES STEEL.

The annual report of the United States Steel Corporation showed that in the year 1916, $26,599,721 were paid out in taxes, including allowance for accrued Federal taxes payable in 1917. Notwithstanding this heavy outlay the Steel Corporation last year earned $333,574,177.

If taxes reach $65,000,000 this year, it will mean an increase over the preceding year of approximately $38,000,000.

While taxes of $65,000,000 would be large, they would make no great impression upon earnings. For example, net profits in the current quarter are estimated in excess of $110,000,000, compared with $60,700,000 in the corresponding quarter of last year, an increase of nearly $50,000,000.

The increase in the first quarter of this year over the corresponding quarter of last year would come within $15,000,000 of paying the Steel Corporation's estimated taxes of $65,000,000 in the current year.

The Steel Corporation is expected to show $110,000,000 net earnings for the current quarter; this after tax deductions. As taxes are deducted from the quarterly statements and not in a lump sum at the end of the year, the huge outlay will scarcely be noticed by shareholders.

Taxes of $65,000,000 for the current year would be equal to less than $4 a ton on U. S. Steel's production of finished steel for sale. That this is a comparatively small item is evident from the fact that the average price of eight leading steel commodities is now close to $90 a ton.

The taxes of the U. S. Steel Corporation have been increasing year by year. As an example, when the Steel Corporation was organized it was paying in taxes not more than $2,000,000 annually.

In view of the fact that the Steel Corporation is the largest Government taxpayer, will be called upon to subscribe heavily to the proposed Government bond issue and will contribute more in the way of sales of steel to the Government at reduced prices than any other company, there are many conservative business men who believe that any disruption of the corporation's organization while the war is on would be a serious blow to this country as well as to the European Allies.

STEEL AND RADIATION

The annual report of Steel and Radiation, while it did not show those profits which were at one time anticipated in the demand for the company's securities, and was not on a basis to compare with some of the other concerns manufacturing munitions, may still be regarded as fairly satisfactory in view of the fact that the company's normal operations have been very seriously hit by the depression in the building trade. The remarks of the president, Sir Henry Pellatt, regarding the outlook are encouraging in the latter connection. He points out that during 1916 the business in the normal products of the concern increased about 30 per cent. and the FINANCIAL POST understands that this improvement is being continued in the current year. Rising rents, particularly in residential properties, and a measure of interest in real estate indicates an improvement in the building prospects, although of course, nothing like normal activity can be expected until there is a renewal of immigration or some adjustment of construction costs.

After depreciation, interest and preferred dividends, the balance remaining out of the year's profit was $50,669, equal to less than 3 per cent. earned on the $1,861,700 common stock. The common is now standing at 35 asked, the preferred at 70, and the bonds at 75.

NATIONAL STEEL CAR

A statement is being prepared by Sir John Gibson, president of the National Steel Car Co., which will shortly be issued to all shareholders, showing the exact financial position of the concern. The reason for delay in publication of the annual report is due, it is stated, to the fact that the company recently appointed a new secretary-treasurer, Thomas O. Scott. The latter stated recently that he had not yet had time to become sufficiently conversant with the financial condition of the firm to make any announcement regarding dividends. He did, state, however, that the company had been unfortunate in not being able to secure material with which to fill munition contracts, but was now in a better position to complete all orders, which were being worked off very rapidly at the present time. The plant is now working on a large order for munitions for the French Government; this contract is being filled very satisfactorily, he said.

DOMINION BRIDGE

At a meeting of the Dominion Bridge Co., held in Montreal on April 18, the directors placed the stock on a regular dividend basis of 10 per cent. per annum by declaring a dividend of 2½ per cent. for the quarter ending April 30, payable May 15 to shareholders of record April 30. It was decided to eliminate the bonus payment entirely. Previous to the last quarter the quarterly distribution was at the rate of 20 per cent. per annum, made up of 2 per cent. straight and a bonus of 3 per cent. The last quarter declaration saw 1 per cent. taken from the bonus, making the distribution 4 per cent., or equal to 16 per cent. per annum. This action therefore puts the stock on a straight dividend basis. The "Street" is favorably impressed by the action of the directors, and the stock reflected this feeling by selling up to 135.

CANADIAN LOCOMOTIVE.

In connection with a despatch from Petrograd, stating that the Russian Provisional Government has decided to place a contract in the United States for 40,000 railway cars and 2,000 locomotives, the FINANCIAL POST learns that negotiations have been carried on with the Canadian Locomotive Company for locomotives to be delivered the latter part of 1918, and the early part of 1919. The Russian government was prepared to place a very large order for delivery at the earliest possible date, but as the company's present orders will keep it busy for some time, no deal was finally closed. The company wishes to be in a position to fully take care of Canadian orders when Canadian roads are prepared to place them. Two hundred shares of the common sold at 63 early this week.

INTERNATIONAL ENGINEERING

While there will be no distribution for the preferred shareholders of The International Engineering company, the shareholders will be encouraged to learn that the earnings for the past twelve months will show a considerable improvement over the previous year's record. After paying bond interest, there will be a substantial sum to carry forward. The company's production has a satisfactory increase for the first three months this year, although the directors hope to make a still better showing as the year advances. The output of both munitions and domestic lines is increasing all the time. G. F. Gyles, secretary-treasurer, informs the FINANCIAL POST that the company is giving some attention to the possibilities of marine engine manufacturing and expects to secure considerable business of this kind when the shipbuilding industry gets well under way. The company is equipped for this line and has already turned out some marine engine parts for the Nova Scotia Steel Company. The company's surplus last year was only a little over $9,000. The amount will be considerably larger this year, but the exact figures will not be available for some time.

CANADIAN CAR & FOUNDRY CO.

THE FINANCIAL POST understands that the officials of the Canadian Car & Foundry Co. are negotiating for a portion of the order for 40,000 cars, which it is announced that the Russian Provisional Government are seeking to place in the United States. These contracts have not yet been awarded. Senator Curry is still in New York in connection with the cleaning up of the Russian car contract and the Kingsland fire loss. A final statement is expected in connection with these matters very soon and the result will, it is stated, be very satisfactory to the shareholders. Trading in the securities of the company has been very quiet this week. A few shares of the preferred changed hands at prices ranging from 71½ to 73. The common is quoted at 30 asked and 29 bid. A small lot was sold at 30.

CANADA FOUNDRIES & FORGINGS.

There have been no transactions in the securities of Canada Foundries & Forgings recently, but the asked price has advanced from 150, the price at which the last sale was made, to 160. There seems no demand at that figure, however, in spite of the fact that it is common knowledge that the earnings of the company are very large. At the present price it would appear that the elimination of the bonus in whole or in part, had been pretty well discounted as the stock has been paying a 12 per cent. dividend, in addition to the bonus of the same amount. The probable policy of the directors will be to wipe out or reduce the bonus and increase the dividend, although no action has been taken in that direction yet.

TEXTILES

Securities Held Firmly on the Market, Although They Were Less Active.

By H. H. Black, Editor Dry Goods Review.

Textile stocks in the main continued to hold the firm position they had attained during the past few weeks, although there was a falling off in the transactions. In one case a new high record for the year was established. Conditions in connection with the mills, with the exception of labor, promise a continuation of the successful operations of the past year.

A rather unusual compliment was paid to a Canadian cotton mill this week in a request from the United States Government to tender on some cotton lines for military purposes. The offer had to be refused, however, as the acceptance of any export business would only accentuate the scarcity of these lines for the domestic trade in Canada, and the mill held to its policy to look after its old customers to the exclusion of the new field. This, by the way, with a few notable exceptions, has been the policy to which the Canadian textile mills have adhered steadfastly ever since war conditions created a scarcity of merchandise, even where higher profits would have resulted by the acceptance of the order from a new customer.

Activity in manufacturing of new fall lines, and in the buying, is still checked by the uncertain position of affairs in the United States. On the one hand, there have been more favorable reports of the cotton crops, which caused a drop of 1½ cents a pound in a single day, and left the raw markets lower this week than at any time since the President's warlike action. This fluctuation day by day, instead of a steady strengthening of the raw market, is confirming the opinion of those who have been arguing against high prices of the raw as a direct and immediate result of the entry of the United States into the war.

There has been another rather disturbing element this week in the U. S. market, and reflected in the Canadian, through the throwing on the market by the wholesale department of Marshall Field & Co., of Chicago, of a huge quantity of staple domestics at prices below the current market, leading to the belief that there was a greater quantity stored up than was generally believed. To offset the depressing effect of this on the market of both countries and the eagerness of buyers, is the fact that the latest report shows that the world's visible supply of cotton is 741,000 bales less than a year ago.

Very encouraging reports were received at the annual meeting of the Canadian Knit Goods Manufacturers' Association, and future prospects were discounted only by the growing scarcity of female labor, although it was reported that male help was becoming more plentiful.

BELDING PAUL CORTICELLI

The shareholders of Belding Paul Corticelli, were given a very pleasant surprise by the action of the directors this week, in declaring a dividend of 3½ per cent. on the deferred account. This makes 7 per cent. in all distributed by the company this year, all on back account. This cuts the amount of arrears due on preferred dividends down to 17½ per cent. The company has been making splendid progress recently, and the prospects for a continuance of the belated prosperity are very encouraging indeed.

THE FINANCIAL POST is informed that the company's cash position is very strong, so strong, in fact, that were the directors so disposed, they could, within a comparatively short time, wipe out the entire accumulated arrears. Their policy will, however, be to keep on the safe side, and be prepared for any possible eventualities when business conditions may not be so bright.

Speaking to the FINANCIAL POST, A. O. Dawson, the president, said that a fine selling and office organization had been built up. The men on the road and in the warehouse were all working together with a splendid spirit of cooperation which was beginning to be reflected in the results that were being achieved. The company had been somewhat hampered by the shortage of factory labor, but that was the common lot of the manufacturing world of today, and the situation had to be cheerfully accepted because of war conditions. The stock is not listed on the Exchange, but the most recent quotation for the preferred was 73.

CANADIAN CONVERTERS

The action of the directors of Canadian Converters, in placing the stock on a 4 per cent. dividend basis, after an intermission, which at one time threatened to be somewhat prolonged, justified the forecasts made by the FINANCIAL POST, which has followed the rehabilitation of this concern with a great deal of satisfaction. The company seems now on solid ground, with a splendid and constantly increasing business, and a bright future appears in store for it. The company's output is contracted for some months ahead at satisfactory prices, and the current cash position is believed to be very satisfactory. The company's fiscal year will close on April 30th, but the annual meeting is not held until the second Wednesday in June. The financial statement that will be presented will the FINANCIAL POST believes, be a very satisfactory one for the shareholders.

The latest sale of the company's stock was made at 41 four weeks ago and the same figure was offered this week, with no stock forthcoming. The holders appear to be quite willing to hold on to it.

CANADIAN COTTONS

The first of June deliveries are keeping the managers of Canadian Cottons up nights, but considerable progress is being made, in spite of the labor shortage. The transportation congestion has been relieved somewhat, and as a consequence the company is able to get in its supplies of raw material with less difficulty. A. O. Dawson, managing director of the company, agrees that the entrance of the United States into the war will have a tendency to hold up prices of cotton, owing to their enormous military needs. A 20-share lot of the preferred sold at 79 on Wednesday, the same figure as last week. The stock is pretty closely held, and the holders appear to be satisfied with their investment. The common holds firm at 51, with no shares offering.

DOMINION TEXTILE

THE FINANCIAL POST hears that a bonus is on the cards for the shareholders of the Dominion Textile Company, which, it is known, has had a very successful year. The sales will, the POST hears, run over $13,000,000, but Mr. Daniels, the general manager, declined to confirm those figures when interviewed by the POST, stating that all the reports had not been made up yet.

The shareholders will be interested in learning that the Dominion Textile company has been asked to quote prices on certain requirements for the United States army, but in view of the heavy demand for goods in Canada, the business was not accepted. Mr. Daniels stated that the company wished to give their Canadian customers the preference, and did not care to take any chances in not being able to supply their demands. Had the United States business been taken on, this might not have been possible. The fact that the United States has made the overtures, however, indicates the high postiion that the Dominion Textile Company has won in the manufacturing world.

The gross sales of the company for the year ending March 31st, 1916, were $10,438,000. The preferred pays 7 per cent., and the common 6 per cent. There has been very little Textile offering recently, although there was more activity this week than for the past month and a half. There were 30 shares sold at 84½ and 100 next day at 84. The former mark is ½ point higher than at any other time this year, and marks an advance of 3 to 4½ points above the average that ruled up to the second week of March. After an entire absence of sales for a month the preferred showed a slight movement again this week and a few shares sold at 102 and 103.

MONTREAL COTTONS

The Montreal Cottons continues to make headway with the company's accumulated orders, but is still far behind with its deliveries. Orders continue to reach the company in almost embarrassing volume, and the prospects for the immediate future are exceedingly bright. The company expects to have its new automatic looms installed very shortly, but the machinery has not yet come to hand. A ten-share lot of the preferred sold at 101½ on Tuesday, which is half a point down from the last previous sale. 51 is the bid price for the common, with no stock offering.

MONARCH KNITTING

The long absence from active operations that has marked the common stock was broken on Wednesday by a sale of 35 shares at 40. Preferred remained quiet, the last quotation being at 80.

PENMANS

This stock after drawing forth considerable attention following on the favorable annual report and advancing as high as 3¼ points has been quiet, so far as the common is concerned, the past two weeks. A few of preferred sold at 84¾, ¼ below last week's close.

PATON MANUFACTURING COMPANY

Transactions in the stock of the Paton Manufacturing Company are very few and far between. The second sale this year was consummated on Tuesday, when a ten-share lot changed hands at 130. The experience of Paton has been in direct contrast with that of the munitions stocks., the price having advanced from 102½ in 1916, nearly thirty points. The company is doing a very large business at the present time, the shortage of wool and its high price, being the only adverse factors.

RELIANCE KNITTING

This Toronto mill, whose stock is not listed, has purchased 17 houses on Stewart Street, through the President, F. R. Sweeney, for a new factory site of 270 feet front and 100 feet depth. The sale price was not disclosed, but the parcel was bought before the war for $55,000. A new building will be erected at a cost of about $125,000 to provide floor space for this rapidly growing business of underwear, sweater coats, etc.

WABASSO COTTON

As previously stated by the FINANCIAL POST, the fiscal year of the Wabasso Cotton Company, which will close on June 30th, will be by far the best in the history of the company. The sales of the company will approximate two million dollars, as compared with sales of about three hundred thousand dollars, in 1897. It is well understood that the earnings of the company will justify the payment of a dividend on the common stock, but the directors are not likely to declare one, deeming it a wiser and sounder policy to build up strong cash reserves. The increased price of raw materials, and the fluctuating state of the market, also makes it a matter of prudence to have plenty of money available to take advantage of the situation as it develops. The Wabasso Company, like all the other cotton companies, is sold up for months ahead. This company confines itself exclusively to the manufacture of white cotton, and has been running to capacity for a long time. There have been no transactions in the securities of the company reported for a long time. The stock is not listed.

PULP AND PAPER

A Most Inactive Market, With Transactions at Lowest Ebb in Recent History of the Group.

By W. A. Craick.

Never since the boom in pulp and paper stocks began to develop last year has there been so little business done in these securities as during the past week. The record shows but one sale of Riordon Pulp up to Thursday night; no sales of Laurentide; two small transactions in Spanish River common, and none whatever in the preferred; a complete absence of sales of Wayagamack; exceedingly few transactions in Brompton Pulp and Paper, and, until Thursday, no movement at all in the once active North American Pulp. What few sales have taken place have, under the circumstances, been under the level of recent transactions. The net result has been to reduce the aggregate value of the following stocks by 5 points:

	Close Apr. 12	Close Apr. 19	Change
Laurentide . . .	186	183	—3
Riordon	123	123	. . .
Spanish, com. .	16⅛	16	— ⅛
do., pref. . . .	54¾	54¾	. . .
Wayagamack. .	79	79	. . .
Brompton . . .	54	52	—2
North American	5¼	5⅜	+ ⅛
Net change, seven stocks.			—5

Announcement that R. A. Pringle, K.C., had been appointed by the Government as a commissioner to inquire into the whole newsprint situation in Canada, indicates that no definite settlement of the difficulty between manufacturers and publishers had really been effected last month. While the manufacturers have temporarily accepted the Finance Minister's ruling that the price should be 2½ cents a pound, it was only under protest and strong representations have been made that at this price serious injustice was being done. It is believed that the appointment of Mr. Pringle is an endeavor on the part of the Government to appease the manufacturers.

BROMPTON PULP AND PAPER.

THE FINANCIAL POST hears from a source close to the inside that the Brompton Pulp and Paper Company's treasury now contains a sum far in excess of $500,000, and that the plants of the company are running to their full capacity. The production of news print is not a large factor in the total output of the company, consequently the edict of the Minister of Finance, to the effect that paper shall be sold to the Canadian publishers for 2½ cents a pound, does not materially affect the company's earnings, which come from a very diversified output. In spite of this rosy outlook for the company, the stock was down as low as 52½ this week, as compared with a close of 54 last week.

PROVINCIAL PAPER MILLS.

The various plants of the Provincial Paper Mills Company are booked up to capacity for several months, and the company's earnings are reported to be very large. This company has made remarkable progress since the present interests secured control, about eight years ago. Then the company owned one old mill, and one paper machine. Now it has four mills and ten paper and coating machines. The company increased the wages of its employes a few days ago, making the second increase since the first of the year. The labor problem has troubled the Provincial Company very little. It is expected that the securities of the company will be listed on the Montreal Exchange very shortly.

NEW BRUNSWICK SULPHITE FIBRE.

The New Brunswick Sulphite Fibre Company is making fair progress with the work of rehabilitating the old mill at Millerton, which they acquired from interests represented by Sir Robert Perkes, and expect to be manufacturing sulphite by the middle of June.

HOUPT PAPER.

The Houpt Paper Company, which has taken over the old Thompson mill at Camden East, and installed a new paper machine, expects to have the plant in operation within a few weeks. The product of the company will be confined to vegetable parchment and toilet paper.

PORT ARTHUR PULP AND PAPER.

The engineers are now at work on the plans for the proposed new mills that are to be erected by the Port Arthur Pulp and Paper Co. of Port Arthur, and construction work will be begun just as soon as possible. It is hoped to have the plant at least partially in operation by the end of the year. Three digesters with a capacity of fifty tons of sulphite pulp per day will be installed. The Port Arthur Company is an offshoot of the Provincial Paper Mills.

SPANISH RIVER.

Common shares of this stock sold in small lots this week at 16, while the preferred was not traded in. The common at 16 is back at the price at which the stock was selling in February. The last sale of preferred shares was put through at 54¾.

RIORDON.

Five shares of Riordon Pulp & Paper Company's stock were sold on the Montreal Exchange on Monday at 123, since when there have been no transactions in this stock on the Montreal board. At 123, the stock was on the same level it has held since early in the month and seven points above the low for March.

LAURENTIDE.

After a period of fully two weeks without the occurrence of a single sale in this stock, fifteen shares changed hands last Saturday at 183, or three points under the level of the last previous sale and eight points under the high mark for March. Since then no sales have taken place on the Montreal board. The last quotation, posted on Monday of this week was, sellers 188, buyers 183.

TORONTO PAPER.

Activity in this stock is spasmodic. Between February 1 and March 8, not a single sale was made. Then there were daily sales for about a week, at prices ranging from 78 to 87. The stock again became inactive about March 16 and continued so until April 11, when movement began again. This has continued up to the present time, the price meanwhile being advanced from 80 to 86. Reason for the present activity is probably due to the fact that the annual report, which is expected to indicate a very favorable condition of affairs, is expected shortly. The company's year ended on March 31. R. S. Waldie, president of the company, informs THE FINANCIAL POST in this connection, that the auditors have only just started their work and that the report will not be ready until about May 1.

MILLING

Securities Market Was Little Affected by the "Free Wheat" Announcement.

By J. L. Rutledge, Editor Canadian Grocer.

Despite the fact that the introduction of the Free Wheat measure had put a different complexion on the Canadian Milling situation, very little activity was to be noted in Milling securities. It is probable that investors were about in the position of the millers themselves, being more or less in the dark as to what the actual effect of the new measure may be.

Maple Leaf Milling still showed some activity, and Lake of the Woods came a little to the fore. Both showed a slight tendency to decline, though the decline was slight, and quite in line with the former activities of the stock, so that this condition need not of necessity be credited to the effect of the new conditions.

The wheat market has shown a very unusual activity under the spur of the new conditions. The announcement of the Canadian action coming on the heels of very unsatisfactory reports from the Western States had the effect of temporarily relieving the strain, and wheat made a sensational drop of 13 cents on the announcement. On Thursday of this week Chicago May option had climbed to a new record level of 142¾, due to a strong demand by the mills and a general shortage of supply.

The Winnipeg market remained more normal under the impulse of the change, and though naturally due for a drop at that time, it failed to follow the American market in its downward course. The Free Wheat decision, however, has unquestionably had a most decided effect on the Western wheat market, and has given it an abnormal strength. Thursday's market touched the high level at 2.44⅝ for May option.

The movement of wheat has had a pronounced effect on flour, which is now quoted at $11.80 for first patents, a clear gain during the week of over a dollar.

LAKE OF THE WOODS.

There has been some activity in this stock during the past week, after a considerable period of dulness. On Thursday of last week there were some sales noted at 126. Friday's selling, only a few shares, saw a decline of 2 points, which returned to 125 in the fairly brisk trading of Saturday last. Since that date there has been no activity noted in the common stock. The preferred has shown no activity for some time, the last sale having occurred in January at 116.

MAPLE LEAF MILLING.

There has been a gradual slowing up in the sales of this stock since last week. Thursday of last week saw a sale of 470 shares at prices ranging from 110½ to 110; on Friday there was a sudden jump in price which took the stock temporarily to 113, but it returned to the 110 figure before the end of the day's trading. There was no further activity in the stock till Tuesday of this week, when there was a general display of strength, 113½ being the high for the day, and 112¼ being the low. There was a sale of 176 shares. On Wednesday, possibly under the influence of the "free wheat" announcement, the quotation declined to 110.

In the preferred there was also considerable activity. Friday and Saturday of last week saw some trading at figures ranging from a high of 96 to a low of 95. Monday there was a fairly brisk sale, with a slightly stronger feeling, 95½ being the lowest point reached.

OGILVIE MILLING.

Thursday of last week the sales record showed this stock selling at 140. The next recorded sale, on Monday of this week, showed a most decided decline, the quoted figures being 112. The same figure was noted in the preferred.

SHREDDED WHEAT.

There has been no activity in this stock of late. the last recorded sale in the common being in March last at 135, and in the preferred in February at 95.

TRANSPORTATION

Canadian Companies Are Making Application for an Increase of Freight Rates.

As has several times been discussed in this column the application for increased freight rates on the part of American companies has a direct effect upon the Canadian situation. Already there has been the development indicated by the announcement that the big systems of the country are making application to the Board of Railway commissioners for the right to make a general increase in rates for freight of 15 per cent. and a like increase in passenger fares. The railroads have taken this course as the result of what they describe as staggering additions to operating expenses which they are facing, every commodity used by the roads showing abnormal increases in addition to the advanced price of labor. Fuel alone will cost the systems several million dollars more than in 1916. It is explained:

> In addition to the high purchase price, the Canadian railways must pay to the Dominion Government a duty of fifty-three cents per ton on locomotive fuel entering Canada, and a seven and a half per cent. surtax. This latter tax was part of the War Revenue Act of 1915, and is based on the value of the coal. With the doubling up in the price of coal, this surtax will automatically increase and prove a heavy additional burden.

Evidence will be presented to the commission to prove beyond doubt that the railroads cannot meet the pressure on their revenues resulting from the increased costs. Officials state that a reasonable increase in rates would not be a burden on the community but that it would in the long run prove a national economy by enabling the systems to give efficient service. The railways take the ground that they are the only concerns in the industrial world that are at present selling their product at the old rates and at the same time paying more for everything they buy.

Shareholders will watch the developments with interest just as they are being followed in the United States where the national carriers have been reduced to such a condition that they cannot give efficient service to the public or show reasonable returns to their shareholders.

Following are figures summarising earnings of last week of the big Canadian systems:

For week ending April 14.

	1917.	1916.	Change.
C.P.R. ..	$2,833,000	$2,577,000	+$256,000
C.N.R. ..	881,600	668,900	+ 212,700
G.T.R. ..	1,103,119	1,024,505	+ 78,614
	$4,817,719	$4,270,405	+$547,314

CANADIAN PACIFIC

As the result of the proposal for the raising of a large loan in the United States for the benefit of the Allies, J. P. Morgan and Company have cancelled the arrangements for bringing out in the American market the issue of $200,000,000 of Canadian Pacific dollar bonds. The reason advanced is that this course has been decided upon so as to leave the market as clear as possible for the big international issue but it may be that with the finances thus provided the Canadian Pacific issue may be indefinitely postponed and ultimately cancelled.

Arrangements had been made to offer the railway's twenty-thirty-year five per cent. bonds at 97, at which price a popular success for the big issue seemed assured, when the question of possible injury to the Government financing was raised. Even though the operation was being arranged for the British Government, and not for private interests, it was decided after a conference this afternoon to drop the matter.

Lord Shaughnessy has issued the following statement: "The proposed issue of collateral trust bonds was entirely at the instance and for the benefit of the British Treasury. The company would reap no benefit whatever, but felt it a duty to give such financial co-operation as was possible in present circumstances. Had the issue been made the company's loan of credit and cash to the exchequer of the Empire would have approximated $250,000,000. The transaction has been postponed indefinitely because new conditions resulting from the entrance of the United States into the war have made other financial plans more desirable."

Gross earnings of the Canadian Pacific Railway for the week ending April 14, amounted to $2,833,000 compared with $2,577,000 for the corresponding period in 1916, an increase of $256,000 or 10 per cent. which compares with a gain for the previous week of 14.5 per cent. For the two first weeks in April the figures were as follows:

	1917	1916	Inc.	%
Apr. 7.	$2,830,000	$2,482,000	$348,000	14.5
Apr. 14	2,833,000	2,577,000	256,000	10.0

from the low point of the past month, 159¼, reached by Canadian Pacific about the middle of last week, there has been a recovery to 162¾.

GRAND TRUNK

For the second week in April the gross earnings of the Grand Trunk Railway system amounted to $1,103,119 as against $1,024,505 for the corresponding period in 1916, an increase of $78,614, or 7.7 per cent., which compares favorably with a gain of 5.2 per cent in the previous week. Following are comparative figures:

	1917	1916	Inc.	%
Apr. 7. .	$1,215,768	$1,155,486	$60,282	5.2
Apr. 14.	1,103,119	1,024,305	78,614	7.7

Gross earnings of the Grand Trunk Pacific Railway Company for the week ending March 31, amounted to £17,423, as against £19,926 for the corresponding period in 1916, a decrease of £2,503. For the year to date the earnings were £184,770, compared with £187,879, an increase of £3,109.

CANADIAN NORTHERN

The Canadian Northern Railway system reports gross earnings for the week ending April 14, of $881,600 as compared with $668,900 for the corresponding period of 1916, an increase of $212,700, or 31.8 per cent., which compares with a gain in the previous week of 8.8 per cent. For the first two weeks in April the earnings were as follows:

	1917	1916	Inc.	%
Apr. 7. . .	$736,200	$677,000	$59,200	8.8
Apr. 14. .	881,600	668,900	212,700	31.8

CANADA STEAMSHIP LINES.

Interviewed by THE FINANCIAL POST, J. W. Norcross, stated that he did not understand that the new British order requisitioning all vessels under the British flag to apply to other than line vessels, and consequently the steamers owned or under charter by the Canada Steamships Lines would not be affected. It happens that a large number of the company's steamers are already under charter to the French Government. Both the preferred and the common have been a little weaker this week, the former selling at 84½ on Wednesday, as compared with a close of 85¾ last week, while the common has changed hands at 38, or two and a half points down from last week's close. The weakness of International Mercantile Marine is supposed to have had a bearish effect upon the securities. When it is considered that the holders of the preferred are likely to get another 5¼ per cent. in dividends this year, it would appear that it is pretty cheap.

MINING STOCKS

Liquidation Has Been Heavy This Week, and Prices all Along the Line Have Been Depressed.

Mining shares have come in for heavy liquidation this week, and yesterday selling reached large proportions. Prices were forced down several points in many instances, but, even so, all the shares that were thrown on the market were absorbed. The buying, it appears, has been coming from insiders, who appreciate more fully than the outside public how attractive mining shares have become at prevailing prices. Hollinger, Dome, McIntyre, Temiskaming and other producing mines are all receiving this kind of inside support.

The immediate cause for the weakness is, of course, the labor situation. Not only is there apprehension abroad regarding a strike, but there is an actual shortage of labor, which is undoubtedly impeding operations. In the case of Hollinger, there was a persistent rumor that the mine would be closed down. This report, however, was officially denied, though it was suggested that there might be curtailment of operations. For all these reasons there is a tendency to fight shy of the mining issues for the present. At the same time, those who take a long view of the situation, realizing the tremendous assets of the mining companies, which will not be impaired in the slightest by such delays as may develop, believe that the present is an opportune time to make investments.

Silver was quoted in New York yesterday at 74⅞ cents an ounce, which is 1¼ cents an ounce better than last Friday. The price held at 73⅝ cents until Wednesday, when it advanced to 74 cents. On Thursday it gained ⅝ cents and yesterday an additional ¼ cent.

Writing from London at the end of March, Samuel Montagu & Co. describe the market for silver at that time as quiet, with prices receding. As a proof, however, of how uncertain

Continued on page 4.

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DIRECTORS:—Alex. Simpson, Pres., Minneapolis, Minn.; Jos. Mergens, Vice-Pres., Weyburn, Sask.; J. A. McBride, Weyburn, Sask.; Frank Moffet, Weyburn, Sask.; H. N. Morphy, Weyburn, Sask.; S. E. Oscarson, White Rock, S.D.; Chas. A. Johnson, Weyburn, Sask.; H. O. Powell, Gen. Mgr., Weyburn, Sask.

A General Banking and Foreign Exchange Business Transacted.

UNION BANK OF CANADA

Established 1865

HEAD OFFICE - WINNIPEG

Paid-Up Capital ....$ 5,000,000
Reserve 3,400,000
Total Assets ....over $109,000,000

John Galt ....President
H. B. Shaw ....General Manager
J. W. Hamilton ...Assistant General Manager

This Bank, having over 305 Branches in Canada extending from Halifax to Prince Rupert, offers excellent facilities for the transaction of every description of banking business.

Travellers' Cheques and Letters of Credit issued payable all over the world.

Collections made in all parts of the Dominion, and returns promptly remitted at lowest rates of exchange.

Attention is particularly drawn to the advantages offered by the Foreign Exchange Department of our London (England) Offices, and Merchants and Manufacturers are invited to avail themselves of the Commercial Information Bureau established at that Branch.

CORRESPONDENCE SOLICITED

NEWS OF SECURITIES

Continued from page 3.

the market really is, they point out that on March 28 a moderate inquiry, which had to be filled, caused a sharp rise of no less than 7-16 of a penny. There was a reaction next day, but the undertone remained good. The amount of silver in the Indian currency reserve, they report, continues to dwindle, dropping from 1,941 ounces on March 7 to 1,917 ounces on March 15, and 1,872 ounces on March 22. Stocks in Bombay and Shanghai are also dwindling.

CANADIAN COLLIERIES.

The Canadian Collieries (Dunsmuir) Company, and the Wellington Collieries Company are facing a suit for $400,000 damages brought by the Pacific Coast Collieries. The action arises out of a late damage to properties by flooding and the effort is to hold the dependant companies responsible.

CROW'S NEST COAL.

The fact that, as revealed in the annual statement, the Crows Nest Pass Coal Company did not make sufficient profits in 1916 to meet the distribution of the 6 per cent. dividend which was fully paid will no doubt prove a disappointment to shareholders. Considering that the amount of coal produced was larger, the fact that profits fell off would seem to indicate higher costs of production and contracts with restricted earnings. The statement is reviewed elsewhere in this issue. THE POST is informed that the directors decided, in view of the conditions, and particularly because of the labor difficulties in the Western mining field, to pass the quarterly payment on the first of April.

BOWENA COPPER.

The Bowena copper mine, situated on Bowen Island, a summer resort about twenty miles from Vancouver, on Howe Sound, made its first shipment of ore to the Ladysmith smelter during the past week. This is the nearest shipping mine to the city of Vancouver and is controlled by Vancouver capitalists. The directors have secured a very favorable smelting rate at the smelter and shipments will be continued regularly as long as the high copper prices are maintained. At the present time exhaustive concentration tests are being made with a view to the construction of a concentration plant, the bulk of the ore being of too low a grade to permit of the long haul to the smelter with profit to the company.

VANCOUVER-NANAIMO COAL.

Owing to the general complaint of the directors that the Vancouver-Nanaimo Coal Company was controlled by German capital, an investigation into the conduct and management of the company has resulted in an order of the court appointing a controller who will make a thorough investigation. Thus far it has been shown that the company's shareholders are 45 per cent. alien enemies, one of whom is Alvo von Alvensleben who is at present in Seattle. The present directors are Messrs. Ewing Buchan, W. H. Gallagher, H. W. Maynard, William Warner and Dr. Howell, all of Vancouver. It is stated that of 532,191 shares issued by the company, 440,148 are held by alien enemies. The output of the mine is from 300 to 400 tons of coal per day.

COLOSSUS.

The Colossus Gold Mines, Limited, upon which considerable money has been expended in its acquisition and development, is undertaking extensive development work. The Colossus owns 280 acres in Munro, and is near neighbor to the famous Croesus Mine, from the latter shaft a vein system can be clearly traced across the Burton on to the Colossus property. On one of this company's claims this vein system, which extends over an area of some 200 feet at the surface, is said to have given some remarkable assays. H. H. Howard, engineer in charge of the Colossus, proposes to sink a shaft down and along one of these parallel veins, and will use the diamond drill at bottom in order to determine the body of ore at depth. This vein system is very persistent and a large body of high-grade ore is assured.

On two other claims on the Colossus free gold has been encountred, as also other veins giving assays of over $27.00 to the ton. The new buildings have been completed, diamond drilling contract let, the shaft being sunk under the personal supervision of the company's engineer, H. H. Howard, who, immediately prior to his engagement by the Colossus, was for four years with the Mining Corporation of Canada. Mr. Howard knows the North Country well, and has altogether had nine years' experience in Porcupine and Cobalt.

A carload of supplies left Timmins for the Colossus Mine and reached Matheson last week, and were sleighed out to the camp, which is 9 miles from the railway station. Mining men have been engaged and are now on the property actively prosecuting a plan of campaign for the mines development.

McINTYRE.

Following the system of development which has lately proven so successful on the McIntyre properties, the company are now engaged in sinking the shaft on the Jupiter property to the 1,000-foot level.

Considerable development work has been done on this property at the 400-foot, but, owing to the fact that the ore bodies at the west end of Pearl Lake have been found to improve in width and values at the deeper level, and the handling of the ore being greatly facilitated by the completion of this work, the management have decided to continue the shaft to this level with all possible speed.

A diamond drill hole is being run from the 1,000-foot level of the McIntyre in an endeavor to locate vein 58 on the Acme claim of the Hollinger, which it is thought will enter the McIntyre property about the 1,500-foot level.

The face of the drift on the 425-foot level of the Hollinger has been carried for over 100 feet on a vein which averages seven feet in width and carries values of $50 to the ton. This vein is expected to enter the McIntyre property at the west end of Pearl Lake.

So far not a great deal of attention has been paid to this portion of the company's holdings, and the diamond drill hole will have a double mission. Besides searching for vein No. 58 of the Hollinger, it will go a long way towards proving a section of the property which has not been explored at depth before.

PETERSON LAKE.

The Peterson Lake Silver Cobalt Mining Company has just made its first announcement to the shareholders since the company was taken over by the new management. The quarterly dividend, it is stated, has had to be omitted as a result of the financial situation of the concern. The last one was paid Jan. 2nd, of the usual amount of 1¾ per cent., bringing the total amount so paid out by the company to shareholders to $462,192. The balance sheet giving the position at March 10, 1917, shows cash assets at $57,924, against which are some $6,500 liabilities. Managing Director Frost tells the shareholders that unless results soon come from present operations on the Nova Scotia section, activity will be transferred to the Susquehanna lease where indications are favorable.

SCHUMACHER.

Schumacher's fiscal year has been changed so as to end with March. Formerly it ended with June. It is not anticipated that the Schumacher will show any great profit for the nine months' operations, as during that period there was considerable development work done. About eight thousand feet of shaft sinking, cross-cutting and drifting was done during that time. On the whole it may be considered that the result of this development was very satisfactory. Ore reserves have been added to and promising sections of the company's property, south and east of the original workings, developed with success.

BEAVER.

The annual report of the Beaver Mines for the fiscal year ending Feb. 28th, amounted to $499,600, as against $351,120 in the preceding year, an increase of $148,566, or approximately 42 per cent. The increase in earnings did not come from increased production, however, but from the higher price of silver, as the output in 1915-1916 was 746,310 ounces as against 566,964 ounces last year. Operating charges increased to $245,004, as against $202,836, but included in this is the war tax, which amounted to $18,766. Administrative charges were lower at $18,103, leaving a balance to profit and loss of $236,582, as against $128,929 last year. The output and loss account shows $476,425 carried forward, which with the net profit on the year's operations made $713,077 for distribution. One dividend of 3 per cent., amounting to $60,000, was paid, and the usual depreciation charges of $12,276, with $809 allowed for renewal to building and plant, left a balance to credit of $639,821, as against $476,425 last year.

CONSOLIDATED SMELTERS.

Receipts at the Trail smelter for the first week of April are reported to have consisted of 8,091 tons, of which the Sullivan mine contributed 4,291 tons and the Emma 1,429 tons. For the company's year to April 7, receipts amounted to 240,091 tons.

In view of the inadequate supply of coke reaching the smelter, the company has modified its settlement terms. A circular has been sent to shippers reading as follows:—

"On account of the intermittent way in which the coal mines in the Crows Nest Pass are being operated, the supply of coke which is reaching the smelter is entirely inadequate; at the same time, our stock of silver-lead ore is so heavy that rather than shut off shipments we propose to modify terms of settlement in the following particulars:

"Instead of settling on the quotations for the average of the second month succeeding the date of arrival at Trail, we will substitute a settlement on the average quotations of the second month succeeding the date upon which our coke stock is replenished and an adequate supply of coke is assured.

"We will make advances against shipments, if desired, as soon as assays are available after arrival here, on the usual basis of 90 per cent. of an estimated value, calculated upon quotations of the date of arrival. We will charge interest on such advances at the rate of 7 per cent. until the date upon which our stock of coke is replenished and regular supplies assured, or we will make the usual 90 per cent. estimated advance upon that date. Of course, no interest will be charged from such date until final settlement is made.

"We will make this effective on shipments after April 20."

ELECTRIC RAILWAYS

Not Much Change in General Situation—Brazilian Dividend Passed —Winnipeg Weak.

While there has not been any great change in the general situation as regards electric railway and other public utility securities there have been individual features of more than usual interest. The outstanding event of the week was the decision of the directors of Brazilian to pass the dividend. This was accompanied by a heavy selling movement but it would not seem that the weakness was hardly warranted by the actual effect upon the intrinsic value. Winnipeg electric was not active but quotations indicated a further weakness. Other Canadians were little changed. The Americans showed a measure of recovery after a weakness which has no doubt been induced by the generally unsettled conditions and apprehension as to the effect which war conditions and war taxation may have. The continued advance of the price of commodities and the difficulties of the labor situation are problems for the executives of practically every system to continue.

Followers of the public ownership movement in Ontario no doubt found interest in the newspaper announcement that a deal was being concluded where by the Hydro Electric Commission would buy the plant of the Ontario Power Company. Power to do so was granted to the commission by the legislature. It remains to be seen as to what terms such a transaction will be negotiated.

MONTREAL TRAMWAYS.

The Montreal Tramways Commission is still wrestling with the franchise question, and has collected tons of special advice, and alleged expert opinion, but whether the situation has clarified or not, is doubtful. The Montreal Builders' Exchange is very anxious that the company should be given permission to carry freight. In representations made by J. P. Anglin, John Quinlan, R. F. Dykes, W. C. Munn, and R. N. Ballantyne, of the Builders' Exchange, all of whom have made a close study of the subject, it is pointed out that there is a serious delay in the delivery of building material at the present time, and it was urged that under a proper arrangement the Tramways Company would be able to make deliveries promptly and at a greatly reduced cost. There have been no transactions in Montreal Tramways securities this year.

MONCTON RAILWAY

The street railroad system of Moncton, N.B., will probably be materially extended in the near future. The general manager of the company operating the service, which is part of an American organization controlling, in addition to the street railroads, the natural gas and electricity supplies of the city and suburbs, has submitted certain proposals for additional track routes. These the council have had under consideration, and the only issue which promises early and satisfactory settlement is the choice of streets upon which the new lines shall be laid.

B.C. ELECTRIC

During the month of March of this year the B.C. Electric Railway Company of Vancouver carried 2,611,723 passengers as compared with 2,306,166 in March of the previous year, and 2,441,792 in February of 1917. This shows a decrease of nearly 3,000 in the daily average between February when the daily average was 87,207 and March when the figure was 84,249. The city treasury of Vancouver has been re-imbursed to the extent of $2,810.40 which is an increase of $194.57 over the same month of last year. The city has an agreement with the railway whereby the latter pays a percentage of the traffic over the city and suburban lines.

DULUTH-SUPERIOR

For the first week in April the gross earnings of the Duluth-Superior Traction Company amounted to $31,750 as compared with $25,727 for the corresponding period in 1916, an increase of $6,023 or 23.4 per cent. For the year to date the earnings were $408,676, compared with $347,541, an increase of $61,134 or 17.6 per cent.

Duluth-Superior Traction has held steady at 50 this week on light trading. The company's affairs are in good condition, considering the general situation, and earnings are showing steady improvement.

LETHBRIDGE RAILS

For the month of March gross earnings of the Lethbridge Municipal Railway showed a decline of $52, the figures for the month being $4,380, as compared with $4,432 for the same month in 1916. For the first week in April the earnings were $1,028 as against $885 for the corresponding period last year, an increase of $143.

BARCELONA.

Barcelona Traction sold a fraction off this week at its low of 11¾, but the majority of sales were at 12, which price has prevailed throughout the month. Reports continue to indicate more or less unsettled conditions in the company's zone of activity.

BRAZILIAN.

Brazilian Traction has been the outstanding feature of the trading during the week. There has been a strong selling movement, which has had the effect of driving the price down. Towards the end of last week, after the strong upward movement to 74½, there was a drive commenced which has resulted in daily losses until as low as 37½ was touched on Friday. The decline was accompanied by reports that the directors had decided to pass the dividend, and this was confirmed when the shareholders received formal notice that it had been decided not to pay a dividend in June next, and that this policy would be continued throughout the remainder of the year, unless there was such improvement in the exchange situation in the interval as would warrant a resumption of the distribution. It will be explained to the shareholders that, in addition to the heavy loss sustained by the decline in exchange, the company has been forced to meet an excessive increase in freight rates. However, at the same time there is the satisfactory news that the net revenue with exchange at 12 pence would be something in the neighborhood of a quarter million dollars in excess of the 1915 year.

While the passing of the dividend has resulted in heavy selling, evidently largely by those who have been dependent upon the stock for its dividend, the intrinsic value has not been affected by the change of policy, but, on the other hand, it would appear that the fundamental position of the company has really been improved. When there is a return to normal the shareholders will be in a position of reaping the benefit of the improvement in exchange rates, while at the same time the financial reserve is being substantially built up. The price will probably strengthen when liquidation ceases and the real situation is analyzed.

DETROIT UNITED.

After selling down to 113 compared with a high of 116 last week and 120 a short time before, Detroit United developed some strength and recovered to 115. Unsettled conditions generally and the fear of developments, including Government taxation, are probably responsible for the weakness referred to.

ILLINOIS TRACTION.

Illinois Traction is another of the American Electrics which showed a smart recovery after declining, the mid-week price being 88, as compared with 86 at the opening. This week's figure was as good as the best last week, and compares with a high for the year of 89.

TORONTO RAILWAY.

Toronto Railway attracted mild interest during the week and the prices showed little change, there being a very narrow range between 84 and 85, or about the same as last week.

WINNIPEG ELECTRIC.

There have been no sales of Winnipeg Electric for a couple of weeks, the last price being 69. However, there is further evidence of weakness in connection with this stock, as instanced by offers at 65 which are not attracting any attention. The annual report is still being awaited.

LIGHT AND POWER

TRURO ELECTRIC LIGHT.

For many years the town of Truro depended for its lighting and electric power on a company with which there was constand warfare, resulting at last in the establishment of a rival municipal plant. Finally the town bought out the company at a sale ordered by the executors of Dr. Chambers. With these facts readers of The FINANCIAL POST have been previously made aware. At the present time a bill is before the legislature to incorporate the "Electric Light Commission for the town of Truro." The Act provides that the commission shall consist of the mayor, two members of the town council and three others, each of whom shall be a freeholder to the amount of $1,000, who shall all be appointed by the town council. The commission is empowered to effect temporary loans not exceeding $5,000. The last clause of the Act provides that no member of the board shall directly or indirectly enter into any contract for the supply of any goods or materials, or the performance of any work or labor, or the sale of renting of any land or real estate to or for the board, nor shall any such member be directly or indirectly interested in any such contract, or employment. Any member offending against the provisions of this section shall be imprisoned in the county jail for a period not exceeding one year and shall upon conviction for such offence cease to be a member of the board.

ONTARIO POWER.

The Toronto *Globe*, this week, printed a statement to the effect that an agreement had virtually been reached whereby the Ontario Hydro Electric Power Commission would purchase the plant of the Ontario Power Company at Niagara Falls. Inquiries of interests close to the Ontario Power Company indicated that no definite intimation had reached the officials of that company to indicate that the Hydro Commission had reached a decision in the matter.

CIVIC INVESTMENT

There was considerable selling of Civic Investment on Monday, the price ranging from 80 to 80½. The selling was believed to be for the account of a purchaser of war bonds. The price dropped to 79½ on Tuesday, and touched 79 flat on Wednesday, on light transactions, but closed at 79½.

CONSUMERS GAS.

Consumers Gas sold early in the week 165¼-165. Since there have been no further transactions, but the same figures are being quoted, ask and bid, respectively. The company's affairs are being adjusted to the new conditions, but the high cost of coal promises to be a disturbing factor in the situation for an indefinite period.

PRINCE RUPERT HYDRO.

A meeting of the bondholders of the Prince Rupert Hydro-Electric Company will be held in the near future, for the purpose of considering the offer of $75,000 which has been received for the Diesel engines which the company own. If the engines come up to the specifications of the prospective purchasers the deal will be closed. An offer of a tentative nature has also been received for certain of the water powers owned by the company, and there is a very good chance of something being realized from this source. If both of these deals go through there will be a small dividend for the bondholders from the wreck.

OTHER STOCKS

General Market Has Been Weaker With a Softer Tone Evident in Late Trading.

The general market situation over the week has been quiet. There has been only a narrow interest displayed. On every side there is still evidence of hesitancy and New York is being closely watched for a lead, that market being about the only inspiration for the Canadian exchanges. In the fore part of the week there was some strength displayed by stocks in the war group but in the late trading the whole market developed a softness which was noted in a shading off of prices. The feeling of uncertainty in the States appears to be engendered by the fact that there is no definite indication of what trend the war taxation may

Continued on page 5.

DIVIDENDS DECLARED.

Montreal Tramways Company

DIVIDEND NOTICE

NOTICE is hereby given that a quarterly dividend of two and one-half per cent. (2½%) for the quarter ending the 31st March, 1917, has been declared upon the paid-up Capital Stock of the Company, paid in, to Shareholders of record on Tuesday, the 17th day of April, 1917, at 4 o'clock p.m., payable on Tuesday the 1st day of May, 1917.

By order of the Board,

PATRICK DUBEE,
Secretary-Treasurer.

April 13th, 1917.

Albert E. Dyment & Co.
(Members Toronto Stock Exchange)

Stock Brokers
402 Dominion Bank Building
TORONTO

WE OFFER AND RECOMMEND FOR
CONSERVATIVE INVESTMENT

$75,000.00
LAVAL DE MONTREAL, P.Q.
(Formerly Parish of Pointe aux Trembles)
6% DEBENTURES. Due 1st September, 1941
PRICE: 100 and Interest
CIRCULAR ON REQUEST
BEAUSOLEIL, LIMITED
263 St. James Street MONTREAL

The Western Empire Life Assurance Company

Head Office: 701 Somerset Block
Winnipeg, Canada
Branch Offices:
Regina Moose Jaw Calgary Edmonton

The operations of the Company for the year to date indicate that the prediction made by the Directors at the last meeting of Shareholders, namely, that the next report would show substantial increases in written Insurance in force, Assets, Surplus and all essential features, will be quite up to expectations.

The Company's policies are plain business contracts, the essentials of which are low premiums and high cash guarantees.

WE HAVE OPENINGS FOR FIRST CLASS PRODUCERS IN MANITOBA, SASKATCHEWAN AND ALBERTA, UNDER CONTRACTS THAT GUARANTEE CONTINUED SATISFACTION TO AGENTS.

William Smith,
Managing Director.

F. C. O'Brien,
Secretary-Treasurer

The Burden of Executorship

The duties of an executor are too onerous to be imposed upon anyone having affairs of his own which need his attention.

This Company is equipped to perform such duties effectively and economically.

Write for booklets.

National Trust Company-Limited

Capital paid-up, $1,500,000
Reserve $1,500,000

18-22 King Street East
TORONTO

RIORDON PULP & PAPER COMPANY

6% First Mortgage Bonds

Assets over seven times Bonds outstanding.

Earnings for 1916 fifteen times Bond interest.

A copy of a new circular which we have prepared will be sent on request.

Royal Securities Corporation Limited

164 St. James Street - MONTREAL
12 King Street East - TORONTO

DIVIDENDS DECLARED.

Belding Paul Corticelli Limited

DIVIDEND No. 10

NOTICE is hereby given that on the deferred dividends of the Preference Stock of this Company, the Directors have declared a dividend of three and a half per cent. (3½%), payable May 15th, 1917, to Shareholders of record at the close of business May 1st, 1917.

By order of the Board,

D. R. KENNEDY,
Secretary-Treasurer.

Howard Smith Paper Mills, Limited

NOTICE is hereby given that a Dividend of 1¾ per cent., being at the rate of 7 per cent., per annum, for Three Months ending March 31st, 1917, has been declared, payable by the Directors of Howard Smith Paper Mills, Limited, on April 20th, to all Holders of Preferred Shares of record on the books of this Company at the close of business April the 14th, 1917.

By order of the Board,

P. ROSS,
Secretary.

Dominion Bridge Co., Limited

DIVIDEND NOTICE

A Quarterly Dividend of 2½ per cent., being at the rate of 10% per annum, has been declared, payable May 15th, 1917, to Shareholders of record at the close of business on April 30th, 1917.

By order of the Board,

R. MONTAGUE DAVY,
Secretary.

Montreal, April 18th, 1917.

THE CANADIAN CONVERTERS' COMPANY, Limited

DIVIDEND NOTICE

A DIVIDEND of 1% has been declared on the Capital Stock of The Canadian Converters' Company, Limited, payable 15th May, 1917, to Shareholders of record 30th April, 1917.

By order of the Board,

THOMAS M. BARRINGTON,
Secretary-Treasurer.

Montreal, 12th April, 1917.

NEWS OF SECURITIES

Continued from page 4.

take, no certainty as regards labor conditions and over all the recurrent signs of more or less definite form of the end of the war.

In industrial circles there is evidence that the creast of the wave of prosperity may have been reached. Keener competition for products, thrift on the part of the people, and higher costs of raw materials and labor are bringing about an adjustment which disposes of the probability of a duplication of those abnormal profits indicated in so many of the statements for 1916.

B.C. Packers.

A sale of fifty shares of B.C. Packers common took place this week at 45, being a duplicate of the only other transaction of the year in either the common or preferred shares of this company; the previous sale was in the latter part of February. In connection with the company's affairs interest centres in the coming season and the prospects for a good run of salmon. It is evident that thus far the order of the British government restricting salmon ports has had little effect upon the affairs of the company.

Bell Telephone.

Bell Telephone developed more interest this week than for some time past there being a very fair amount of trading within the narrow range 144 to 144½. This compared with a range of 145 to 145⅞ last week. There was no news accompanying the renewal of interest.

Canada Bread.

Holders of securities of Canada Bread have no doubt been interested indirectly in the movements of the wheat market as the result of the "free wheat" announcement. However, so far as the stock market was concerned there was no activity. The asked price of 17 for the common against 16 offered compared with transactions last week at 16⅛. For the preferred 83 was asked without bids, compared with last sales of 85 about the middle of March. Mark Bredin, the manager of the company, left for Winnipeg during the week, but whether this move was in connection with the company's flour contracts or not is not made public.

Canada Cement.

In sympathy with the general situation Canada Cement sold off a couple of points early in the week to 62 compared with a high of 64 last week. Transactions were light. There was some trading in the preferred at 94 against a high of 95 last week.

City Dairy.

City Dairy securities have continued quiet in the market but the tone was somewhat better as indicated by unaccepted offers of 30 for the common against 30 asked; sales were made at 30 a fortnight ago. The company is expected to hold its own from this time forward with prospects of improvement as conditions further readjust themselves.

Canadian Salt.

Canadian Salt has shown continued strength this week moving up another point to 134 on light tradings. Reports continue to indicate that the company's business affairs are in a very satisfactory state.

Canada Machinery.

The improvement that has taken place in the affairs of the Canada Machinery Corporation, during the past year has been the subject of very favorable comment in financial circles. The FINANCIAL POST hears that the net profits for the twelve months approximated $250,000. A dividend of 3½ per cent., will be distributed to the preferred shareholders. The Canada Machinery Corporation is a consolidation of the principal concerns manufacturing the lighter grades of wood-working machinery. It was brought into being by the officers of the late lamented Dominion Bond Company, but it got into difficulties and was unable to meet its bond interest. A readjustment was made whereby the bondholders agreed to accept 7 per cent. non-cumulative stock in payment of their interest coupons for the year 1914, 1915 and 1916. Under the arrangement interest was to accrue from August 1, 1916. Since 1915 the manufacturing operations of the company have been concentrated at Galt and Hespeler, the plants at Preston and Hamilton having been closed down.

Dominion Canners.

Officials of the Dominion Canners Company, who were in Toronto on Thursday after visiting the scene of the disastrous fire at Simcoe, stated that their belief was that the estimate of $500,000 loss was exaggerated, although the amount could not be estimated until it was known to what extent the large stores of tinplate had been damaged. If this stock has been destroyed, there will not only be the loss—largely covered by insurance—to contend with, but the fact that, owing to the shortage of tinplate throughout the country, there may be difficulty in securing sufficient supplies for the manufacture of cans required for this season's pack. As indicated in another column, the outlook for the season's business is satisfactory, so far as can be judged at this time. The high price of foodstuffs should insure a large market, with good profits, if the pack can be put up at prices relatively satisfactory. Labor promises to be a disturbing factor.

There were a few sales of the common stock during the week at 23 which duplicates last week's price; the preferred has been inactive.

General Electric.

Canadian General Electric eased off again this week in sympathy with the general situation, late sales being at 110 compared with a high of 112 last week. There was no trading in the preferred.

Goodwin's.

At the annual meeting of Goodwin's, Limited, held at Montreal on Thursday afternoon, the question of resuming dividend on the preferred was discussed, but the president, J. W. McConnell, did not hold out any hopes of any immediate distribution being made. He suggested that if the expectations of the directors were realized this year, it was probable that dividends would be resumed in 1918.

Questioned by Mr. Baylis as to the item of $600,000 in the liability statement, Mr. McConnell said that this was straight bank loans, and the liability would have to be greatly reduced before any dividends could be paid. He stated that the sales had increased approximately $900,000 the past year, and a further increase of $750,000 was expected for the present fiscal year. The necessity of increased cash for the carrying on of the business was pointed out.

Mr. Goodwin, in seconding the motion of the report, referred to the difficulties of getting sufficient labor. He stated that the large stock of underwear and hosiery which the company had on hand for the coming fall would prove a big factor in the coming year's business. The directors and officers were re-elected.

Hudson's Bay Company.

The policy being followed by the Hudson's Bay Company in connection with the disposal of its land tracts in Western Canada is indicated from the fact that A. M. Nanton, a director of the company, is able to tell the *Wall Street Journal* that 85 to 90 per cent. of the company's land sold in the last twelve months has gone to individual farmers in quarter-section tracts. This, he says, is not at all speculative, but is buying of homesteads for the enlargement of farm holdings by the farmers who have been experiencing unprecedented prosperity.

International Petroleum.

The continued strength of International Petroleum on the New York curb, which is reflected on the Toronto Exchange, appears to be due to the belief that the company has been amalgamated with the Mid-West Refining, but it is not likely that a definite announcement will be made for some time, perhaps not until the end of the war. One reason given for this is that the Canadian war tax does not now apply. In the same connection New York hears reports of the absorption of the Mid-West Refining by the Imperial Oil Company of Canada. International Petroleum and Imperial are both subsidiaries of the Standard Oil, and the Mid-West Company supplies Imperial with gasoline and refined oils for markets west of Winnipeg as far as the British Columbia line. The absorption of Mid-West by International Petroleum will enable the former to find a broader market for Wyoming wells. Reports from Vancouver state that excellent progress is being made on the refinery the company is now building, which will have a capacity of 5,000,000 barrels per day.

The Canadian market has been quiet during the week and no transactions are recorded. Late quotations are $14.50 asked and $13.25 bid. This compares with a range of $14.00 $14.60 last week. The stock is probably feeling the effects of the generally unsettled situation in the United States markets.

Lyall Construction.

Although there were no transactions in Lyall Construction during the week the general weakness of the market was indicated in the fact that the asked price dropped from 80½ to 76½ while the high for the year was 80 during the first part of March.

Macdonald.

There was some desultory interest shown in Macdonald with trading at 12 to 12½ compared with 12 to 13 last week. There has been no particular news recently regarding the affairs of the company.

Rogers.

Wm. A. Rogers common developed weakness during the week. On the first transaction since the first part of March at 70, four points were lost followed by other sales at 65, a further loss of 5 points. It appears that the margin of the company's profits is narrowing owing to rising cost of labor and raw materials and that on the other hand demand is falling, although it is difficult to say how far this is the result of thrift which continued war conditions is now bringing about and how much to the season of the year. The preferred sold at 90 at the close of last week which is on a par with the few sales which have taken place during the past month or so.

Russell Motor.

Russell Motor securities shared the general feeling of the market this week, the only transaction in common showing a decline of 2 points to 84 from the last. The preferred declined to 113 a loss of three points from the best of last week but later recovered to 115.

Standard Chemical.

There were no sales of Standard Chemical, the new member of the Toronto list, this week. For the common 15 is offered against 17 asked and for the preferred 51 agains 57. The common last week brought 15 on a small lot.

Sawyer-Massey.

Sawyer Massey has continued as a dead issue on the market as for some weeks past. A little interest was shown by bidders who offered 19 but the fact that the asked price did not drop below 24 indicated rather a broad difference of opinion as between prospective buyers and sellers.

Sherwin-Williams.

A few shares of Sherwin-Williams common changed hands at 59. This stock has been one of the steadiest on the Canadian exchanges during the present year the range being only one point, 58¾ to 59¾. The preferred has also been comparatively steady between 98½ and 100.

Shredded Wheat.

Shareholders of Shredded Wheat shares have no doubt recently been following the developments in the wheat market with interest but there has been nothing in the stock market to denote the trend of trading opinion. There have been no quotations posted since the "free wheat" announcement was made. Prior to that the stock was offered at 135 without bids; last sales were at that figure about the end of March.

Tucketts Tobacco.

For the first time in nearly two months there was a sale of Tucketts preferred on Thursday at 78. This compares with a previous price of 80, and a high for the year of 83½. There is no particular news regarding the affairs of the company but it is accepted that the spread of prohibition is interfering with a very profitable branch of the cigar business and that the continuance of war conditions is beginning to develop thrift on the part of the people.

Winnipeg Paint and Glass.

The Winnipeg Paint and Glass Company, according to its statement for the year ending December 31st, 1916, had cash on hand and material, raw or in process of manufacture, a total of $759,852, or some $58,000 in excess of a year ago. The moneys held in investments declined somewhat, being $686,278.77, as against $768,369.74 the previous year. In plant, equipment, etc., the company has $320,236.22 invested, as against $323,368.96 at the time of the last report. The company's current liabilities amount to $476,357.75, which must be placed over against $472,203.36, the similar item a year ago.

Stock Movements of the Week

This table records securities active on the Stock Exchanges.

Week ending April 19:

							Range 1917 to April 12	
Banks—	Ask.	Bid.	High	Low	Last	Sale	High	Low
Commerce	186	...	186	185½	186	39	188	183
Dominion	207½	207	207½	207	207	25	212⅛	207
Hamilton	...	192	192	192	192	19	192	190
Hochelaga	145	...	144	144	144	18	145	143½
Imperial	198	...	195	195	195	7	200½	196
Merchants	169½	...	170	168	168	60	170	167½
Molsons	...	182	182½	182	182½	27	181	179½
Montreal	220	...	220	220	220	24	234	220
Nova Scotia	257	...	253	253	253	11	257½	255
Royal	213	...	213	212	213	22	214	211
Standard	...	211	211	211	211	20	215	211
Transportation—								
Barcelona	12	11¾	12	11¾	11¾	245	17	11⅝
Braz. Traction	39	38½	47¼	38⅛	38¾	12,334	47¾	41⅞
Can. Steam., com.	37½	37	40½	37½	37½	2,491	40¼	29¾
Do., pref.	84½	84	86½	84	84	3,077	93¾	83½
Can. Pacific	162½	161	162¾	162¾	162¾	10	166½	149½
Detroit United	117	115	116	113	114¾	373	128	113½
Civic Inv. Pr.	79½	79¼	80¾	79	79½	2,142	82¾	78
Dul.-Superior, com.	...	50	50	50	50	68	51⅛	43
Illinois Trac., pr.	...	88	88	86	88	18	89	87
Porto Rico, com.	38	...	38	38	38	5	42	35
Que. Ry., L., Heat.	27½	27¼	28	26¾	28	675	35½	21
Toronto Ry.	83	80	85	84	84	176	90½	76
Twin City, com.	91	90	92	90¼	90¼	155	95	90½
Telegraph, Light and Power—								
Bell Telephone	145	144	144½	144	144	255	150	144
Consumers Gas	165¼	165	165¼	165	165	62	165¼	162½
Mackay, com.	85½	85	85⅞	85¼	85½	488	90	83½
Do., pref.	65	64½	65½	65	65	186	68	65
Shaw. W. & P.	123	121¼	124	122	122½	555	130	122
Industrials—								
F. N. Burt, pref.	91	89	90	89¾	89¾	31	93½	89
Can. Cement, com.	62½	61½	64	62	62	370	69⅞	56
Do., pref.	93	92	94¾	94	94	133	95¾	90
Can. Salt	135	130	134	134	134	50	133	130
Can. Car, com.	30	28	30	29½	30	120	46½	25¼
Do., pref.	73	71	72⅞	71	71½	335	89	59
Can. Convert.	...	41	41	41	41	10	41½	39
Can. Cottons, pref.	79	...	79	79	79	25	82	76½
Can. Loco., com.	62½	62¼	63¼	61	61	426	64	52½
Do., pref.	91½	...	91	91	91	5	91½	84
Can. Gen. El., com.	110	109	112	110	110	241	115½	108
Dom. Bridge, com.	135	133	135	130	133¾	622	170	130
Dom. Canners, com.	...	23	23	23	23	65	26	19
Dom. Iron, Steel, pr.	90	...	90	90	90	16	95	91
Dom. Steel Corp.	62¾	62	63¾	60¾	63¼	4,440	71¼	52¾
Dom. Coal, pref.	95	...	95	94	94	24	96½	93½
Dom. Textile, com.	84	83	84½	84	84	200	85	76½
Do., pref.	103	...	103	102	102	15	104	100
Goulds Man., com.	...	100	100	100	100	100	...	...
Lake of Woods	...	125	125	124	125	53	130	125
Laurentide	...	183	183	183	183	15	195	176
A. Macdon., com.	12½	12	12½	12	12	125	15½	8
Maple Leaf, com.	111	109¾	113	110	110	211	115	90
Do., pref.	95½	95	96	95	95½	75	103	92½
Mon. Cottons, pref.	103	101	101½	101½	101½	27	103	102
Mon. Knit., com.	...	40	40	40	40	79	40	35
Ont. Steel, com.	...	20	20½	20	20	115	34	18
N.S. Steel, com.	91½	91	97½	90¾	91	1,380	128	91
Ogil. Flour, com.	145	143	144¾	144¾	144¾	30	142	137
Do., pref.	...	112	112	112	112	21	115	111
Pacific Burt, pref.	...	80	80	80	80	5	81	80
Penmans, com.	72	...	73	73	73	12	73½	69½
Do., pref.	...	84¾	84¾	84¾	84¾	5	...	...
Riordon Pulp, com.	119	115	123	123	123	5	127	106
W. A. Rogers, com.	70	...	70	65	65	37	80	74
Do., pref.	...	90	90	90	90	2	92	90
Russell Motor, com.	...	84	84	84	84	5	92	70
Do., pref.	...	115	116	114	115	184	122	100
Sher.-Wil., com.	...	59	59	59	59	21	59¾	56
Span. R. Pulp, com.	16½	15	16	16	16	35	19	13
Steel of Can., com.	63	62	63¾	61¼	62	3,010	71½	52
Do., pref.	93	92½	93½	92½	93	183	100½	92½
Toronto Paper	88	86	86	81	86	110	89	72
Tuckett Tob., pref.	80	78	78	78	78	15	83½	80

REVIEW OF MARKET FOR MINING SHARES

Name.	Capital Authorized	Capital Issued	Week ending April 19			Close April 19	
			High	Low	Sales	Asked	Bid
COBALT STOCKS—							
Adanac	$ 2,500,000	$2,250,000	...	...	......	.20	.10
Bailey	5,000,000	4,250,000	.05	.05	3,201	.04	...
Beaver Cons.	2,000,000	2,000,000	.40	.37	15,700	.37½	.36½
Buffalo Mines	1,000,000	1,000,000	...	...	......	1.25	.95
Cham.-Ferland	2,500,000	2,312,850	.11¾	.11	13,900	.11½	.11¼
Coniagas	4,000,000	4,000,000	3.80	3.70	1,235	...	3.30
Crown Reserve	2,000,000	1,999,957	.35	.35	1,770	.35	.33
Foster	1,000,000	915,588	...	...	......	.05	.03
Gifford	250,000	....	.04	.03¾	10,500	.03¾	.03½
Great Northern	1,500,000	1,500,000	.12½	.12	5,500	.13	.11
Hargraves	2,500,000	2,500,000	.17½	.16	28,650	.16½	.16
Hudson Bay	25,000	7,761	.42	.42	30	...	41.00
Kerr Lake	3,000,000	3,000,000	4.37½	4.37½	300	...	4.25
La Rose	7,500,000	7,493,135	.52	.52	2,500	.51	.50
McKin.-Dar.-Sav.	2,000,000	2,247,692	.50	.48½	3,400	.50	.48
Nipissing	6,000,000	6,000,000	7.95	7.50	98	7.75	7.50
Ophir	685,000	....	.10¾	.10	11,300	.10	...
Peterson Lake	3,000,000	2,401,820	.11	.08¼	25,700	.09	.08½
Right of Way	2,000,000	1,685,500	...	...	......	...	.04½
Seneca-Superior	500,000	178,884	...	...	......	...	...
Temiskaming	2,500,000	2,500,000	.51	.44½	34,300	.46	.44½
Trethewey	2,000,000	1,000,000	...	...	......	.15½	.13
Wettlaufer	1,500,000	1,416,590	.06½	.06½	1,000	.07	.06½
PORCUPINE STOCKS—							
Apex	2,000,000	1,300,000	.08	.07¼	27,800	.07½	.07¾
Dome Cong.	2,500,000	1,250,000	...	...	......	...	.05
Dome Extension	3,000,000	2,200,000	.20	.18½	15,900	.19	.18
Dome Lake	2,000,000	1,227,017	.20	.19	9,100	.20	.19
Dome Mines	5,000,000	4,000,000	16.00	14.00	1,396	15.00	14.25
Foley-O'Brien	3,000,000	2,500,000	...	...	......	...	...
Hollinger	3,000,000	3,000,000	5.25	5.05	7,885	5.20	5.10
Jupiter	2,000,000	1,867,786	...	...	......	...	...
McIntyre	3,000,000	2,999,995	1.80	1.67	44,120	1.69	1.68
McIntyre Extension	2,500,000	2,000,000	...	...	......	...	...
Porcupine Crown	2,000,000	2,000,000	.62	.54	7,214	.57½	.55½
Porcupine Imperial	2,000,000	1,409,200	.03¼	.03	18,500	.03⅜	.03⅛
Vipond	1,500,000	900,000	.45	.39	35,775	.41	.40
Preston E. Dome	3,000,000	2,000,000	.04⅞	.04⅞	5,000	.05	.04⅞
Schumacher	2,000,000	....	.57	.55	2,700	...	.48
Teck-Hughes	2,000,000	2,000,000	.63	.57	1,950	.65	.62
West Dome Con.	3,000,000	2,000,100	.24½	.21¼	78,962	.23	.22
MISCELLANEOUS—							
Con. Min. & Smelt.	10,000,000	8,427,500	.30¼	.26	1,597	.27	.26¾

STRENGTH OF BRITISH WAR MACHINE

Equal to the Task of Bearing the Brunt of the Great Offensive.

The opinion of an international banker who has recently returned from London that there is only one question in the minds of those who are directing the war for the Allies and that is not a question of who will win, but a question solely of the time in which the Allies will win, is printed by the Wall Street Journal. He states that it is realized by the British military authorities that the brunt of the offensive must hereafter be borne by the British and in this connection speaks of the tremendous forces which are being organized on the Western front:—

"I can confirm all that you have previously reported as to the size of the English war machine. No two nations in the world to-day have the gun and shell power that England possesses. If I could tell you the number of shells England can throw on the Western front in comparison with Germany the figures would look ridiculous. Toward the end of 1914 the French were throwing shells at the rate of 80,000 a day; the Germans were answering with 120,000 shells a day, a total of 200,000 shells. At the battle of Ypres the English threw 800,000 shells in two hours. England is now ready to throw several million shells a day and keep it up to the end. Germany possesses no such power.

FOOD PRODUCTION AND WASTE

N. Y. Journal of Commerce.

Too much stress cannot be placed upon making the utmost effort for increasing agricultural production this year and decreasing unnecessary consumption and preventing waste of the products. This is especially true of food supplies. Much is to be expected from the Food Board of which Herbert C. Hoover has been made chairman by the National Defence Council. The record that Mr. Hoover has made in administering the work of the Belgian Relief Commission, not only in Belgium but throughout the invaded section of Northern France, has been made familiar to the public, and there is no doubt about his exceptional qualifications for his new task, heavy as it is sure to be.

In the statement that he has given out on accepting the chairmanship of the Food Board, he tells of the study he is making before his return, in co-operation with official authorities, of the food situation in England, France and Italy, prospects of the coming harvests, import necessities, methods of regulating food control and their results. He lays special stress upon methods to control prices and eliminate speculation, for which Europe has been "a vast experimental laboratory." He considers it the foremost duty of America to see that the Allies are supplied with food, the customary sources of supply being cut off.

ADVERTISEMENT.

UNITED CIGAR STORES LTD. INTERESTING EXAMPLE OF SUCCESS IN CHAIN STORES

Remarkable Increase in Volume of Business Illustrated by the Fact That Sales Which in 1910 Totalled $349,073 Had Risen to an Aggregate of $1,627,854 in 1916 and Probably Will Exceed the $2,000,000 Mark in 1917—Aim of the Founder to Establish in Every Town and City From the Atlantic to the Pacific.

A very interesting business development to come to the attention of the investing public of Canada is that of the United Cigar Stores, Limited, of Canada.

This company's business had its inception in 1910. The start was with limited capital and seven stores. Under the guidance of an energetic and able management, the company's growth has been unusually rapid. Largely through re-investment of accumulated profits the company's stores have been increased to the present number of 112.

Organization and Operation.

The United Cigar Stores, Ltd., of Canada, was incorporated in 1915 as a holding company with a Dominion charter, for the purpose of taking over the existing business of the United Cigar Stores, Limited, and an extensive chain of cash drug stores. It has also acquired the cigar and tobacco stores heretofore operating in Toronto under the name of Robert Callum, Limited. Through subsidiary corporations the company owns cigar factories employing about 800 persons capable of an annual production of 24,000,000 cigars, enabling it to control the manufacture of a number of valuable and popular brands which it owns.

Plans for the enlargement of the cigar factories are under way and it is conservatively estimated that the production for 1917 will total 30,000,000 cigars.

The United Cigar Stores, Ltd., will also acquire a large number of other tobacco and cigar stores now under option. The company will provide adequate capital to expand these enterprises in the profitable field in which they are located and will further supply the necessary funds to develop the sub-agency business of the United Cigar Stores, Limited, which is already successfully operating and which business can be developed to an almost unlimited extent.

The company's program for further expansion already begun provides for the immediate opening of stores and sub-stations as follows:—

Montreal (12 stores), Kingston (1 store), Fort William (1 store), Medicine Hat (1 store), New Westminster (1 store), Victoria (1 store), Brandon (1 store), Moose Jaw (1 store), Port Arthur (1 store), Calgary (2 stores), Edmonton (2 stores), Nanaimo (1 store), Vancouver (4 stores), Winnipeg (16 stores), Sault Ste. Marie (1 store), Regina (1 store), Saskatoon (1 store).

Business and Rapid Growth.

The United Cigar Stores, Limited, is the largest retail distributor of cigars, cigarettes and tobacco in the Dominion of Canada. The company began with 7 stores. Early in 1914 this number had been increased to 22. Since that time other stores have been acquired and at the present time there is a grand total of 112 stores, including agencies. The company's 112 stores and sub-branches in operation are in 29 cities and towns throughout Canada, as follows:

Toronto (71 stores), Montreal (6 stores), Hamilton (6 stores), Ottawa (2 stores), Stratford (2 stores), Brantford, Kitchener, Galt, Midland, Ingersoll, Oshawa, Port Hope, Peterboro, Campbellford, Woodstock, Windsor, Trenton, Napanee, Niagara Falls, St. Thomas, St. Catharines, Belleville, Welland, Owen Sound, London (2 stores), Orillia, Preston, Lachine, Que.; Quebec, Que.

These stores are operated on the "chain store" system similar to that used by the F. W. Woolworth Company, Childs Restaurant Company, the United Cigar Stores Co., of America, and other "chain store" systems which have been enormously successful. It is the aim and the object of the company to establish its stores in all the large cities and towns throughout the Dominion of Canada.

Growth of Sales.

The consistently steady advance of the business is best demonstrated by the comparative sales for the seven years of its operation. These gross sales were:—

Year.	Cigar Stores.	Drug Stores.	Totals.
1910 ..	$149,073	$200,000	$349,073
1911 ..	176,626	235,611	412,238
1912 ..	214,165	301,434	515,600
1913 ..	360,867	398,671	759,538
1914x .	500,515	406,697	907,213
1915 ..	745,495	438,642	1,184,138
1916 ..	1,157,266	470,587	1,627,854

xOutbreak of war.

Growing Popularity.

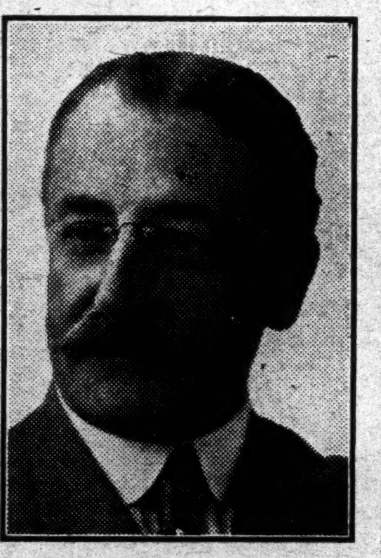
A significant gauge of the growing popularity of the company's stores and their wares is the increasing number of customers served.

Year.	Customers served.	Increase over Preceding year.
1913	2,118,396	——
1914	3,012,583	42.2%
1915	4,136,357	37.3%
1916	6,548,643	58.3%

The well-known stability and steady progress of the tobacco business under all economic conditions is strikingly reflected in the foregoing figures.

United Cigar Stores, Ltd., controls the name United Cigar Stores, not only for Canada, but also for other English-speaking countries of growing population and wealth, including Australia and New Zealand.

The advantages of the modern "Chain of Stores" idea are perhaps best exemplified by the remarkable growth and success of the United Cigar Stores of America, which now operates over 1,100 stores throughout the United States. Ten years ago this Company operated a few loosely organized stores, capitalized at $900,000, and now it is the largest retail tobacco concern in the world, with a capitalization of $31,689,000. Shareholders have profited generously with the growth of the Company, approximately $26,000,000 Common Stock of the increased capitalization having been disbursed in stock dividends. For example, $1,000 originally invested in United Cigar Stores Company of America Stock is now paying $8,640 in dividends annually, and represents at the present market a value of approximately $120,000. Another example:—A Chicago man who had the foresight to buy 200 shares for $25,000 during the panic of 1907, now has 6,000 shares of the old stock, equivalent to 60,000 shares of the new, upon which he is receiving $36,000 a year in dividends. In addition, he received $20,000 for his rights of United Cigar Stores Preferred and his rights on United Profit Sharing have been worth $75,000.



W. B. REID, of Toronto, President, United Cigar Stores, Limited, of Canada.
—Photo by British & Colonial Press.

Financial Aspect.

The United Cigar Stores Ltd., of Canada is a holding corporation operating through its subsidiaries. The company has an authorized capital of $3,800,000 which is divided into $1,800,000 7 p.c. cumulative preferred shares and $2,000,000 common shares. The common shares are all issued and there is at present outstanding $1,380,000 of the preferred shares. Par value of these shares is $5.00. Preferred dividends are payable on the 15th of January, April, July and October.

The company has no bonded indebtedness and there are no prior liens or mortgages.

Estimate of Earnings.

The company's earnings are derived from its holdings of stock of its subsidiary enterprises. The combined earnings of these companies for the six months ending October 31, 1916, after deducting all expenses of management, depreciation, etc., were $80,557 and it is estimated by officials that the net earnings for the current year will exceed $185,000 which would represent slightly more than 10 p.c. on the preferred stock.

Sales of the United Cigar Stores of Canada for January, 1917, amounted to $101,454, compared with $68,348 a year ago, an increase of 33.05, or 48.47 p.c. Evidence of the growth in the company's clientele is found in the fact that in January this year there were 495,678 customers against 388,881 customers in January, 1916, an increase of 106,797 or 27.13 p.c.

The Balance Sheet.

The memorandum of assets and liabilities including subsidiary companies as at October 31, 1916, shows as follows:—

	Assets
Current assets	$ 615,920
Fixed assets	233,818
Investments	2,067,537
Trade marks, good-ill organization, etc.	1,051,956
	$3,969,232
	Liabilities
Current liabilities	$ 307,837
Common stock	2,000,000
Preferred stock	1,380,000
Payments on subscribed stock not alloted	48,050
Surplus and Reserve......	233,345
	$3,969,232

The Board of Directors.

The Board of Directors of the United Cigar Stores, Limited of Canada is headed by Mr. W. B. Reid, the president, with head office at 284 King Street West, Toronto. Mr. Reid came to Canada in 1888 and joined the Empire Tobacco Company. Here he remained until 1897. The foundation of the present business was established by Mr. Reid under the name of W. B. Reid and Company in 1897.

Mr. Reid had the original company incorporated under the name of United Cigar Stores Limited in 1902 with the modest capital of $20,000, opening several branch stores in Toronto. In May, 1914, the capital stock of the company was increased to $265,000 and further branches established. In May, 1915, the United Cigar Stores, Limited of Canada, took control of the business and increased the capitalization to $3,800,000. It is Mr. Reid's intention, he states, to open United Cigar Stores in every city and town of importance from the Atlantic to the Pacific.

Associated with Mr. Reid in the enterprise are the following: L. W. Fraser, vice-president; P. Tilston, secretary-treasurer; H. Stuart Watts, and A. G. Dawson, directors.

CURRENT EARNINGS.

Since the above was written we have received the company's sales for the first three months of this year which follows:—

January.			
1917 . .	$101,454.29		
1916 . .	68,348.94		
	33,105.35	increase=	48.47%
February.			
1917 . .	$100,695.97		
1916 . .	74,868.90		
	25,827.07	increase=	34.50%
March.			
1917 . .	$123,171.01		
1916 . .	74,111.48	increase=	64.1%

IMPERIAL BOARD IS EXTENDING STEEL ORDERS.

Continued from page 1.

given as far back, and including 1906. Liabilities totalled $5,921,327, compared with $9,344,441 in 1916 and $15,636,915 in 1915. The amount was also smaller than in 1914, but somewhat larger than in 1913 and previous years. Following are comparative figures:

FAILURES FIRST QUARTER.

	Number	Assets	Liabilities
1917	370	$4,152,230	$ 5,921,327
1916	596	5,795,620	9,344,441
1915	798	9,925,218	15,636,915
1914	620	5,175,538	6,230,052
1913	408	3,901,070	4,939,061
1912	429	2,178,573	3,120,015
1911	367	2,064,242	2,876,705
1910	426	3,016,617	4,021,584
1909	425	4,798,375	4,814,627
1908	512	3,903,497	5,036,903
1907	520	2,032,979	2,976,695
1906	387	1,943,663	2,919,720

Letters patent have been issued increasing the capital stock of the Chevrolet Motor Company of Canada from $500,000 to $1,500,000, such increase being in the form of 10,000 shares at $100 each.

C. W. LINDSAY ANNUAL.

Piano Firm Had a Very Successful Year—Declared Usual Dividends and Voted Bonus.

The financial statement presented at the annual meeting of C. W. Lindsay Limited, held at Montreal this week, showed that the company had had a very successful year. The usual dividend of 7 per cent. on the preferred shares, and 8 per cent. on the common, were declared, and the reserve funds were augmented by a substantial sum. In view of the excellent showing of the company, the directors declared to vote a ten per cent. bonus to all employees of the company who have been in its service continually since March 1st, 1916, and are still in its employ on May 1st.

The various branch managers of the company were in attendance at the annual meeting and considerable enthusiasm was shown when the splendid results of the year's operations were made known.

The directors and officers were re-elected. C. W. Lindsay continues as president and general manager; B. A. Edward as secretary and E. Hamilton as treasurer.

THE TIMES ON UNION WITH INDIES

Article Which Appeared in Leading London Journal and Has Caused Much Comment.

Despatches from London a couple of weeks ago, summarizing an article appearing in The Times from its Canadian correspondent, on the subject of the advantages of the union of Canada, the West Indies, and Newfoundland, attracted considerable attention in this country and in the United States, and since that time much comment has been heard, reference to which has been made in these columns. A complete copy of the article has now been received and is presented herewith. The writer has expressed some interesting views as to the trade and business benefits of such a union as proposed. Other writers see the advantage of such trade relations, or at least closer co-operation in a business way, but doubt the advisability of changing the present methods of governmental administration in the Islands:—

"It is sometimes said that the British Empire has been built up by a series of happy accidents. There may be a measure of truth in this suggestion, but it ought not to blind us to the fact that we have now reached the stage at which we have to take thought for the future development of the Empire. It is not only the map of Europe that will have to be redrafted as a result of the war, but the map of the world.

"In this war Canada has won no new territory. But it is possible for Canada to help very materially in the process of organizing and consolidating our Imperial resources. To add the rich tropical territories of the British West Indies to Canada, lying wholly in the temperate and frigid zones, would at one stroke create an Imperial asset of literally incalculable value.

"Canada is already a great consumer of tropical products. Within the last ten years the imports of these products into Canada have more than doubled. Apart from the imports of sugar, three-fourths enter Canada by way of the United States. The union of Canada and the British West Indies would make the Dominion the economic equal of the United States, if not their superior. It would be the entry into partnership with the rich young Canadian nation of a tropical territory larger than the Dominion of New Zealand. Hitherto Canada has made no very successful effort to develop her relations with the British West Indies. Attempts have certainly been made to establish a commercial union, and some efforts have also been made for bringing about confederation and certain tariff arrangements within the islands themselves. But these efforts have not been very successful. Little can be done until the two countries unite.

NEWFOUNDLAND INCLUDED.

"The present means of transportation are largely under the control of the United States. Union would enable Canada to deal directly with all the islands and save the New York brokers' profits, the cost of rehandling, and so on. Such an arrangement would have another highly important effect. It would cause Newfoundland to decide quickly about entering the confederation. A line of steamships running from the islands up the St. Lawrence to the great centres of population during open navigation, as well as to Halifax and St. John all the year, would bring to the people of Newfoundland at the minimum cost the tropical fruits which they so badly need to supplement their present diet. On the return trip these boats would bring back Canadian goods for Newfoundland and then fill up with fish for the British West Indies. Thus Newfoundland would benefit in two ways. She would get frequent and regular supplies of tropical fruits as well as sugar and molasses free of duty and at a low rate of freight and would have regular facilities for the transport of her fish to a market of two million consumers.

"The practical advantages of economic and political union to the British West Indies are equally obvious. They would have a free and ever-growing market in Canada for their products, with free entry of Canadian produce for their home consumption. Closer commercial ties with all these island and Canada have hitherto been impossible because the West Indies have feared that any preference granted to Canada would cause retaliation from the United States. Jamaica refused the Canadian offer of reciprocity in trade some years ago, mainly on this ground. The planters feared that the United States would retaliate by curtailing the banana trade. When political union was submitted to some of the leading men in Jamaica recently this fear had largely disappeared. Jamaica now realizes that if she were united with Canada in a genuine political and economic union there would be no danger of retaliation from the United States. Jamaica, too, is much less concerned now about her banana trade than she was a few years ago. That trade has grown to considerable proportions, amounting to the export of 17,000,000 bunches a year to America, mainly because the free trade policy of Great Britain gave bounty-fed German sugar the preference and handicapped the sugar industry of Jamaica. The cultivation of cane sugar in Jamaica gave place to the growing of bananas. But this process is now being reversed. Much of the land used to produce bananas is again being devoted to cane sugar, the industry having been stimulated by high war prices and the prospect of a preference in the mother country when the war ends. Canada will be able to take all the bananas that Jamaica can produce, and the sugar industry of the island will flourish again with the additional importation of Canadian capital and enterprise.

TRADE OF TROPICS.

"Important as these commercial considerations are, however, the political results that would flow from a confederation of Canada and the British West Indies are even more important. Writing in the *Times* nearly 20 years ago, the late Benjamin Kidd declared that the great rivalry of the future would be for the control of the tropics. He recognized that the complex civilization of the modern world rests upon the productions of the tropics to a much greater extent than is generally realized; and he pointed out that the trade of Great Britain and the United States with the tropics formed a very large proportion of the total commerce of both countries. Again, more than 70 years ago, Humboldt drew attention to the political significance of the British West Indies resulting from the opening up of an isthmian canal. The United States were quicker to see this than we were, and have just proved that they saw it by purchasing the Danish West Indies. What has determined America to make this purchase is the importance of these islands in the Caribbean Sea from both the strategic and the economic points of view. The West Indian Islands stand at the point of intersection of the trade routes between Europe and Panama and between North and South America. The Danish West Indies, which the United States have just purchased, form a most important defence to the Panama Canal, practically a second Gibraltar.

"British possesions in this region are not less important to the safety and future economic development of the Empire. It is quite certain that other nations will not remain indifferent to the strategic value of these island, standing in the zone through which an enormous volume of the world's traffic must pass. America found considerable difficulty in buying the Danish West Indies owing to the fact that German capital had been largely used in the commercial development of the islands. If the islands had not been purchased there is no doubt that Germany would have obtained political control over them and eventually would have annexed them. As far as the Danish Islands are concerned that danger is over. But the political isolation of the British West Indies constitutes a danger of similar character not only to Canada, but to the British Empire as a whole. The experience of the last half century has shown that these tropical regions if left to themselves cannot develop into modern States like Canada or Australia. They need a helping hand. The natural 'big brother' of the British West Indies is Canada."

B. C. LUMBER ROYALTIES.

Inspectors of the forestry branch of the provincial land department are making the first inspection of the mills of the province, as provided by the timber-royalty act of 1914, which became effective in 1915. No inspection was made last year, and the return will cover 1915 and 1916. The officials will verify and check the total of lumber sold at wholesale, and ascertain the amount realized on an f.o.b. basis. The check will show the average wholesale selling price of lumber and enable just determination of the annual royalty to be made.

The following sections of the act, which became effective January 1, 1915, give a general idea of the method by which royalties are determined:

There is reserved to and for the use of His Majesty, his heirs, and successors, upon and in respect of timber cut upon Crown lands, and upon lands held under pre-emption entry and record, and upon any lands granted subsequent to the 1st day of March, 1914, royalty as follows:

For a period of 5 years, beginning with the first day of January, 1915, a royalty of 85 cents per 1,000 feet, board measure, upon all timber cut, in that portion of the province west of the Cascade Range and suitable for the manufacture of lumber and shingles, and graded under the provisions of this act as No. 1 or No. 2 Douglas fir, No. 1 or No. 2 spruce, No. 1 or No. 2 cedar, No. 1 or No. 2 pine, or No. 1 or No. 2 cottonwood, and a royalty of 50 cents per 1,000 feet, board meeasure, upon all other timber suitable for the manufacture of lumber and shingles; during the same period of 5 years a royalty of 50 cents per 1,000 feet board measure, upon all timber suitable for the manufacture of lumber and shingles cut in that portion of the province east of the Cascade Range which lies south of the Dominion Railway belt, or within the water-shed of Seymour Arm and Adams Lake, or within the watershed of the North Thompson River, south of the junction of that river with the Clearwater River, or within the watershed of the Columbia River, excepting the water-shed of Canoe River.

Provision for Other Portions of Province.

During the same period of five years a royalty of 65 cents per 1,000 feet, board measure, upon all timber suitable for the manufacture of lumber and shingles cut in any portion of the province in respect whereof provision is not otherwise made in this section of this act.

For a period of five years from the 1st day of January, 1920, the foregoing royalties shall be increased by an amount equivalent to 25 per cent. of the increase (if any) in the average wholesale selling price of lumber, free on board point of manufacture, above $18.

For a period of five years from the 1st day of January, 1925, the royalties provided in this act shall be increased by an amount equivalent to 30 per cent. of the increase (if any) in the average wholesale selling price of lumber, free on board point of manufacture, over $18.

For a period of five years from the 1st day of January, 1930, the royalties provided in this act shall be increased by an amount equivalent to 30 per cent. of the increase (if any) in the average wholesale selling gprice of lumber, free on board point of manufacture, over $18.

Increases During Later Periods.

For a period of five years from the 1st day of January, 1935, the royalties provided in this act shall be increased by an amount equivalent to 35 per cent. of the increase (if any) in the average wholesale selling price of lumber, free on board point of manufacture, over $18.

For a period of five years from the 1st day of January, 1940, the royalties provided in this act shall be increased by an amount not to exceed 40 per cent. of the increase (if any) in the average wholesale selling price of lumber, free on board, point of manufacture, over $18.

For a period of five years from the 1st day of January, 1945, the royalties provided in this act shall be increased by an amount not to exceed 40 per cent. of the wholesale selling price of lumber, free on board, point of manufacture, over $18.

For a period of five years from the 1st day of January, 1950, the royalties provided in this act shall be increased by an amount not to exceed 40 per cent. of the increase (if any) in the average wholesale selling price of lumber, free on board point of manufacture, over $18.

NATIONAL LIVESTOCK ASSN.

The formation of the British Cattle Supply Company to which reference was made in last week's issue of The POST is being encouraged and supported by the National Livestock Association which was organised with the idea of fostering the livestock industry in all parts of Canada and which has already done much in a public spirited way to this end.

The British Cattle Supply Company has behind it some of the best known stock dealers of the country who have already invested large sums. They have secured large tracts of land and it is pointed out that these have been turned over to the company without profit and that the stock flotation is being handled without organisation expenses.

Secours National

Old Dame Devereaux of Courcelette! — — — Pooh! What is she to Ontario? — — — —

NOTHING! That is your answer, and quite correct. Dam' Devereaux is toothless, garrulous and all but witless (the war frightened her so) . . . . But she led back into Courcelette the other day her five grand-children, remnants of war. Their first in command had been the father—lost on the Marne. Their second, the mother—lost on the bitter road to Paris in November, '14.

But now old Dam' Devereaux is now their General, directing them and helping them in the business of mending their little patch of poor old Mother Earth so that that battered breast may once more yield cabbages and little onions, and support a hen or two!

Old Dam' Devereaux of Courcelette! Marshaling her orphans into a cellar for the night! . . . . is General of reconstruction. Her means—the means of all these war-victims returning to their reconquered soil—are pitifully slight. But her SPIRIT—their spirit—is immeasurably rich.

Will you give ten cents, or a dollar, or five, or a hundred dollars—to help Dam' Devereaux and others of her kind in France?

The Secours National has pledged itself to raise $25,000. Will you help?

51 King Street West
Glenholme Falconbridge
President

EVILS IN THE ARMY ARISING OUT OF THE LIQUOR TRAFFIC; MILLIONS LOST TO CANADA

WHAT THE ARMY LOSES THROUGH DRINK.

Continued from page 1.

kits and sat on them, and the water bottles of my nine comrades were soon drained of the few drops that had been saved. Then, after a few restless minutes one young fellow, apparently maddened by the craving for more, darted across the tent and picked up the suit-case. He shook it as though listening for something, and then his eyes blazed as he ripped open the lock and catches and turned over the contents. On top was a Bible, and down in one corner, well covered with clothes, a bottle of gin! That was what he wanted; the rest was left intact. The bottle of gin went the rounds several times, each man putting it to his lips; and when empty it was replaced in the suit-case. I declined the drink, although the others were very anxious to have me join them in order to make detection of the theft more difficult. However, I decided not to give them away, because I felt that any officer sneaking liquor into camp in a suit-case deserved to be robbed. Most of the other nine were stretched out in a drunken sleep and I was sewing a button on my tunic, when the officer came for his suit-case. One minute later he returned and demanded the name of the man who had broken the lock. As he got no reply, he placed us under arrest and put a guard over the tent. About an hour later the guard quietly disappeared; and the officer, who was a captain in a militia regiment, did not return. The charge was evidently dropped, as he could prove the loss of nothing but the gin, even the empty bottle having been returned.

Could anything more destructive of discipline be imagined? Those are sober facts which I am ready to swear to in any witness-stand. We should pity rather than blame the officers and men who are slaves in the grip of the habit. The blame must be accepted by us all, the citizens of Canada and Great Britain. We cannot blame our governments; we get the governments we deserve. Ours is the blame for tolerating so long the existence of a traffic which cannot be condemned in words too scathing and which cannot be swept away too soon.

Valcartier was supposed to be a "dry" camp; and so it was, when compared with camps in England and France. Orders were issued and steps were taken which made it clear to every man in the ranks that the Militia Department seriously intended to enforce the regulations against intoxicating drink; but everyone who was in a position to know knew that as long as there was liquor for sale in the City of Quebec, the Province of Quebec, or the Dominion of Canada, too much of that liquor would find its way into Valcartier Camp. I gave fair warning to my tent-mates that any man bringing liquor into our tent would be reported at once to the commanding officer, and none was brought in while I was there. Nearly every night, however, there was drinking in the tents around us; and the following extract from my diary speak for themselves:

Friday, Sept. 13.—Our tent pulled down by men returning drunk from Quebec. Lantern smashed; liberal dose of kerosene in the bread bag. R.B., staggering drunk, turned somersaults on the tent when it was down.

Tuesday, Sept. 22.—Tent ahead of us pulled down at midnight in the rain. Drunken brawl. In morning I counted outside the tents seven empty gin bottles, four brandy flasks, one whiskey bottle, and one of Jamaica rum.

Yes, Valcartier was a "dry" camp, on the whole. The temptation of liquor was not a licensed temptation. Real efforts were made by the authorities to keep it away from all ranks and to convince them that it was an enemy, not to be argued with, but to be fought. How different were the camps in England and France, and how different they are still!

Plenty of liquor for the officers' mess was found on board the transport *Ruthenian* which took us with the first contingent overseas. More was obtained on our arrived at Plymouth. My diary for Oct. 20, 1914, records: "Trouble with Capt. —— in evening. He was drunk, but clever. Carouse in next cabin till 3.30 a.m. I got only 2½ hours' sleep."

On Salisbury Plains, the problem of developing discipline became more difficult than ever. Just here I wish to question the necessity or even the value of the rum ration. Rain and mud we had always with us on the Plain; and, during the first week, until I got a pair of rubber boots, my feet were never dry except at night. Yet I was never in better health; and, if anyone had suggested a tot of rum or any other stimulant, I should have asked him if he took me for a dope fiend. Captain Bean, the Australian Eyewitness, is strongly opposed to the rum ration and has given instances of the degradation of officers on the field through the liquor habit. Another captain who spent some months at the front and who is not given to exaggeration, told me in a few vivid words of how he had grappled for his life and the lives of others with a drink-maddened officer of his battalion who was running amuck with a loaded pistol. W. H. R. Rivers, M.D., F.R.C.P., in a lecture delivered at the Royal College of Physicians in 1906, stated plainly that "Results point strongly to the conclusion that alcohol is prejudicial to the capacity for work and in no way helps to diminish the effects of fatigue."

By the introduction of the wet canteen, the liquor traffic was officially recognized as a good thing; and many a Canadian boy was led to take his first glass of beer. That was one time that we should have stood on our own feet and been true to Canadian sentiment and Canadian ideals instead of pandering to a time-honored custom of the British army—"a custom more honored in the breach than the observance." The wet canteen was introduced primarily "to prevent our men getting harder liquor elsewhere"; but that excuse is a mockery, as everyone knows who has seen the "underground railway" of the liquor traffic at work. This enemy in our midst has made it fearfully easy for men to get more of the poison which is drawing them down to the dust.

At Bustard Camp one evening after "lights out," some drunken sergeants were making so much noise that the men in the lines near by could not get to sleep. I was present as orderly officer of the day when Capt. A——, the captain of the week, went to the sergeants' mess to stop the noise. The Regimental Sergeant-Major was befuddled with drink; and one sergeant, under the influence of liquor, rushed forward and attempted to assault Capt. A——.

Again at Sling Plantation Camp, the muddiest of them all, I was obliged, as orderly officer, to place under arrest a man who was drunk and disorderly and who was resisting arrest with a drawn bayonet. He came at me with blood in his eye; and before his hand was seized from behind by the sergeant of the guard, he had brought his bayonet within a foot of my face. No sober man in the Canadian army would have acted as he did. The tolerance of the liquor traffic is more than a question of discipline; it is a question of our firmness or feebleness of purpose in prosecuting this war.

At Tidworth Barracks, Capt. —— and another of our officers were broken through drink. The General Officer Commanding having no further use for their services, they were "permitted to resign their commissions in the Canadian Expeditionary Force."

Soon after our arrived at Shorncliffe there was a special meeting of the officers' mess to decide whether we would go on with a "wet" mess or follow the example of Lord Kitchener and the King. Broadminded arguments about "liberty" and "moderation" won the day. Yet, within one month from that time, I had the unwelcome task of prosecuting two of my brother officers for drunkenness before a General Court Martial and our Regimental Sergeant-Major for the same offence before a District Court Martial. The Sergeant-Major was found guilty of drunkenness at Hythe on the line of march and was dismissed from the service. He appealed to the Privy Council, but the judgment of the Court was sustained. There was a man who knew his work to perfection, who had served in the South African War, and who wore on his breast the ribbon of the long service and good conduct medal; and yet he was broken completely, and broken through nothing but drink. Why should a capable warrant officer be dismissed from the service? Why should an efficient officer be cashiered? Is it not high time that we determined to dismiss the liquor traffic from the service? Is it not the liquor traffic that should be cashiered?

At the Canadian Base Depot, Havre, France, where I spent eight months, the problem was the same. More or less kindly French civilians could not be kept away; and those of our men who wanted more than they could get at the wet canteen had no difficulty in securing cheap whiskey, wine, and brandy. As Adjutant of the Depot I had every opportunity for observing the effect of liquor on the discipline of the camp and the general efficiency of officers, non-commissioned officers, and men. Excluding simple offences of absence without leave, I know that 60% of the crime sheets brought before the commanding officer were charges of drunkenness. While acting for the commanding officer during his illness, I have been obliged to sentence a man to twenty days' Field Punishment No. 1 for a third offence; and I have repeatedly had to prosecute non-commissioned officers and men before Field General Courts Martial for drunkenness aggravated by assault. The pity and shame of it all is that a man loses pay for his whole term, and his wife and family have to suffer.

The prohibition of absinthe in France has not affected the sale of other liquors, and drunkenness among British and colonial troops at Havre Base has greatly increased the difficulties of the General Officer Commanding the Base. An order was issued instructing officers commanding depots to appeal to their men to assist the French civil authorities by helping back to camp any of their comrades whom they might find drunk in town, "and thus uphold the honor of the army." Another order was issued directing that notices be put up in conspicuous places to warn all N.C.O.'s and men that bringing liquor into camp was an offence which would be dealt with only by a Field General Court Martial.

Plain Words on Liquor in the Army.

Liquor in the army is bound up with the question of liquor in the nation. We cannot give up one and keep the other. As long as the manufacture and sale of liquor as a beverage remains unprohibited in Canada, Great Britain, or France, so long will our armies be hampered in their struggle; and lives that are priceless to someone will be sacrificed in vain. Arthur Mee in an open letter has drawn the attention of Premier Lloyd George to the following significant facts: "Our people have spent on drink since the war began £500,000,000. This trade has used up shipping equal to a fleet of sixty ships of 5,000 tons working all the time. It has consumed more food than the whole British army; and the weight of food and other stuffs carried about for it in ships and trains has been equal to the solid material carried by the navy to all our fighting fronts." Who can defend the liquor traffic on patriotic grounds?

On the ground of efficiency and national economy alone, the French, British, and Canadian Governments can afford to waste no time in abolishing the liquor traffic. Estimates of the annual death-rate due to alcohol in the United Kingdom vary from 52,600 to 120,000. An inquiry conducted by the British Medical Association some years ago showed that 55 per cent. of the total number of deaths listed in their death certificate books by the members of the association for the preceding three years were classified as careless drinkers, free drinkers, or decidedly intemperate. Webb's "Dictionary of Statistics" shows that in the five years, 1903 to 1907 inclusive, the persons tried for drunkenness in England and Wales alone numbered 1,098,370. For every person arrested and tried, we can count on at least five being helped home by their friends or otherwise cheating the law. The petition of the Strength of Brittain movement sums up the economic argument against the liquor traffic as follows:—"It wastes our financial strength; in the first 20 months of the war the people of Great Britain spent on alcohol £300,000,000. It uses 500,000 workers, 1,000,000 acres of land, and 1,500,000 tons of coal a year."

As in the army, so in the nation, all attempts at "control" short of total prohibition are exasperating failures. A director of the Fairfield Engineering Company, Glasgow, testifies: "Notwithstanding the restrictions of the Munitions Central Control Board, many of our workmen are drink-sodden all the week."

The damage to war work caused by drunken civilians will never be estimated; and who will say that all the guilt must be borne by the drunkard, not by the brewer and the distiller? The problem of compensation will be ready for discussion when the brewers and distillers come forward with a reasonable proposal of *compensation by them* for the criminal waste, the heavy casualties, and the unspeakable misery traceable to them. Let there be reparation, restitution, and guarantees —all round. The Food Controller recently issued orders forbidding the Port of London authority to deliver sugar to its owners *unless for brewers*, while at the same time children, waiting outside a shop for food, formed a line a mile long. Let the brewers make compensation for that outrage.

Life will not be safe, women and children will not be safe, as long as we give the liquor traffic a free hand to turn madmen loose on society. At Pond Farm Camp on Salisbury Plains, our mess caterer, a civilian, took enough whiskey to send him into delirium tremens, and then became so violent that he had to be tied hand and foot and kept in the guard tent all night, while his screams kept the camp awake. One evening, while walking along a narrow road between two high stone walls, I heard the sound of rattling wheels approaching and of a horse being driven at a gallop by men whose attempt at singing left no doubt of their being drunk. I kept close to the wall on the left of the road, but that did not prevent them from driving right into me. Only by clinging to the horse's lathered harness until it stopped did I escape being knocked down and dragged under the wheels. The three drunken men were English civilians, probably on their way home from the "pub."

Continued on page 8.

SOME OPINIONS OF FREE WHEAT SHOW DIVERSITY

Continued from page 1.

vantageously with American mills for this business, which he believes will offset any possible loss from other sections.

The Montreal millers interviewed by the FINANCIAL POST were inclined to regard the Government's action in removing the duty from wheat and flour as a blow at the Canadian milling interests, but they did not profess to be able, at this early stage, to anticipate just what the ultimate effect would be.

W. A. Black's Views.

W. A. Black, vice-president and general manager of the Ogilvie Flour Mills Company, stated that the action of the government in removing the duty from wheat and wheat products would undoubtedly have an effect on some of the mills. "Location will play an important part in this connection, he said. "The Western mills and those not located on the main lines of the railways in the East will be at a disadvantage.

"Unles the government takes the duty off all milling machinery, mill and building supplies, the effect will be to discourage any extension of the milling busines in Canada. My personal opinion is that, on the average, it will not bring our farmers any more for their wheat, and that the reverse will be the case."

R. Wilson, of the St. Lawrence Flour Mills, expressed the opinion that the removal of the duty would cause great disorganization of the milling industry in Canada. However, he did not feel disposed, to lay down any hard and fast opinion as to what the ultimate effect would be after adjustment. He could not see that it could possibly be beneficial to the Canadian millers, but said that it was really too early to discuss the question intelligently.

Losing No Time.

It is quite evident that the American millers are going to take full advantage of the opportunities afforded them by the Government's action. Already several of the big companies have made arrangements for representation in Montreal, or have arrangements well under way.

In discussing with the FINANCIAL POST, the expected invasion of the Canadian market by the American flour manufacturers, the leading executive of a Canadian concern said that this was bound to be detrimental to the Canadian miller, and would not necessarily mean any cheaper flour for the consumer. The farmer can't get a high price for his wheat and the consumer pay a low price for his flour simultaneously. Continuing he said that certain brands of American flour were as familiar to the people of Canada as they were to the people of the United States. This was due to the large amount of general advertising that had been done by the manufacturers in publications with an international circulation. Canada had no publications that circulated widely in the United States, and as a result the brands of flour which are household words in Canada are quite unknown in the United States. The expenditure of hundreds of thousands of dollars would be necessary before the Canadians could hope to make any impression upon the American market. From the flour manufacturer's standpoint the reciprocal arrangement, would, he thought, work out very much to the advantage of the American concerns.

Some Comparisons.

While the total milling capacity of Canada is only 111,000 barrels per day, as compared with a capacity of 1,000,000 barrels per day by the United States, it is interesting to note that Canada has, in the Ogilvie Flour Mills, and the Lake of the Woods Milling Company, two concerns that rank well up with the largest of the United States mills. The largest flour milling concern in the United States, and also in the world, is the Washburn-Crosby Company of Minneapolis, with a capacity of over 50,000 barrels per day in the various mills of the company. Next in size, is the Pillsbury Milling Company of Buffalo, with a capacity of 22,000 barrels per day.

The Ogilvie Flour Mills Company, with a capacity of 19,000 barrels per day, is the largest in Canada, and also in the British Empire. The Lake of the Woods Milling Company, with a capacity of 13,700 barrels per day, is of course, the next in point of size in Canada. The Washburn-Crosby Company and the Pillsbury Company are the only United States flour milling companies that exceed in capacity the Ogilvie Company and the Lake of the Woods Co. However, it will be observed that the capacity of the former is almost half as great as the total Canadian milling capacity.

Canada has four hundred and sixty-five mills as compared with between seven and eight thousand by the United States.

The situation is manifestly giving the Canadian flour milling companies great concern, but only the future will reveal whether their fears are well grounded or not.

Effect of Notification in Market.

The possibilities evident in the 70,000,000 bushels of Canadian wheat yet available had an immediate effect on the abnormal wheat prices prevailing in the Chicago market. The possibility of this wheat being available to tide the country over till the next harvest had an immediate effect and wheat tumbled thirteen cents on the announcement.

The Winnipeg market, though due for a decline under the influence of the new conditions, remained fairly firm for cash wheat and May option, which in the opinion of those best versed in the conditions was equivalent to an advance about proportionate with the American tariff rate that had formerly been in operation. It is generally conceded that conditions should remain steady at about these figures.

Of more recent date there has been a most remarkable recovery on the Chicago market, followed by even higher prices at Winnipeg, when May option reached 2.44% on Thursday's market.

Flour has had a sensational advance during the past week as a result of the wheat situation and is now selling at $11.80 per barrel for first patents, a clear gain during the week of over a dollar.

Probable Effect on Securities.

Just what effect these changing conditions may have on milling securities is difficult to state. There has not been any great amount of business done in these stocks since the change became operative. What little trading there was showed a slight decline, but even this was not pronounced enough to give any conclusive evidence of the effect that may be expected. Should American buying reach alarming proportions, it might naturally be expected to have a depressing effect on Canadian Milling stocks. On the other hand, so much of the business now being done is on British Government contracts, the prices of which are controlled by the Liverpool market, which in turn is dependent more on world than on those prevailing on this continent that little price fluctuations are expected in this business. This should serve as a stabilizing influence.

On the whole it is not expected that Canadian stocks will be influenced to any material extent by the change.

ELEVENTH ANNUAL REPORT

of the Board of Directors of the

Canadian Northern Prairie Lands Co., Limited

For the year ended December 31st, 1916.

GENERAL OFFICERS

President, D. B. HANNA, Esq.
Vice-President, A. J. MITCHELL, Esq.
Directors:—T. BLUNDELL-BROWN, Esq., LEWIS LUKES, Esq., NORMAN SCOTT-RUSSELL, Esq., M. Inst. C.E., M.I.E.E., Lieutenant-Colonel NOEL MARSHALL, L. W. MITCHELL, Esq.
Secretary-Treasurer, L. W. MITCHELL, Esq.
London (England) Offices:—34 Nicholas Lane, Lombard Street, London, E.C.

To the Shareholders,
Canadian Northern Prairie Lands Company, Limited.

Herewith your Directors submit the Balance Sheet and Profit and Loss Account for the year ended December 31st, 1916.

The Income from Investments, Loans, etc., compared with the previous year is as follows:—

For the year 1916	$184,827.30
For the year 1915	$186,993.46
Decrease	$ 2,166.16

There are no sales of lands to report during the year, compared with a revenue of $13,200.00 from Land Sales in 1915, or a total decrease in $15,366.16 in the Company's gross revenue. Deducting expenses of management and operation, the payment of two half-yearly dividends of 5% each, taxes, etc., and charging $10,000.00 for depreciation in the value of securities the balance at the credit of Profit and Loss Account is reduced to $385,740.62, a decrease of $8,739.00.

Immigration from Europe has been totally eliminated due to war conditions, and the movement of settlers from the United States has also been very limited. The fear of conscription during the war, and of heavy taxation after the war, have been large factors in curtailing immigration from the United States to the Canadian West. Some of the colonization companies to whom your Company disposed of lands in large areas in the earlier operations of the Company are feeling these conditions and it may be necessary as a result to take back certain areas so sold, but in that event your Directors feel entirely satisfied that the asset of the land itself will, in a comparatively short time, fully recoup any immediate loss of profit on such sales. As United States farmers become more familiar with conditions in Canada and the ability of the Country to meet its war obligations without imposing undue taxes on lands or the products of the land, there should be a substantial demand for lands by farmers from the United States.

Attention is directed to the fact that taxes and other charges on lands unsold have been charged against the Company's revenue from year to year so that the lands are carried on the books of the Company at $3.00 per acre the original purchase price. In so doing your Directors feel that they are taking a most conservative course, in that the future revenues of the Company from Land Sales will reflect the full enhancement in value in excess of $3.00 per acre.

Conditions generally throughout the Canadian West are better than earlier forecasts predicted. The grain yield is greater, and the high prices prevailing for all foodstuffs have more than compensated the farmer for the decrease in yield and lower grading compared with the previous year. This fact is made evident in the very satisfactory collections on mortgage loans.

All of which is respectfully submitted,

D. B. HANNA, President.

BALANCE SHEET, DECEMBER 31st, 1916.

CAPITAL:—	
AUTHORIZED:	
1,000,000 Shares of $5 each	$5,000,000.00
ISSUED:	
300,000 Shares of $5 each	$1,500,000.00
RESERVE FUND	1,500,000.00
COMMISSIONS DUE AND DEFERRED, AND MISCELLANEOUS ACCOUNTS PAYABLE	69,616.92
PROFIT AND LOSS ACCOUNT:—	
Balance as per Account	385,740.62
	$3,455,357.54
LAND ACCOUNT:—	
66,039.35 acres at cost $3.00 per acre	$198,118.05
DEFERRED PAYMENTS:—	
Balance due on Land Contracts	469,787.20
INVESTMENTS, LOANS, etc.	2,561,443.04
ACCRUED INTEREST	182,628.28
CASH ON DEPOSIT	43,380.97
	$3,455,357.54

PROFIT AND LOSS ACCOUNT, DECEMBER 31st, 1916.

DR.		
TO OPERATING EXPENSES:—		
Commissions to Agents, Management, Travelling, Advertising, Legal and Office Expenses.		
Land Department	$9,218.38	
Investment Department	3,115.49	
		12,333.87
To Balance appropriated as follows:—		
Half-yearly dividend No. 19 @ 5 per cent. for the half year	75,000.00	
Half-yearly dividend No. 20 @ 5 per cent. for the half year	75,000.00	
Allowance for Depreciation in Securities	10,000.00	
Taxes	20,232.43	
Subscriptions to Patriotic and Red Cross Funds	1,000.00	
Carried to Balance Sheet	385,740.62	
		566,973.05
		$579,306.92
CR.		
BY BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		$394,479.62
BY INTEREST, INCOME, Etc., FOR 1916		184,827.30
		$579,306.92

Correct: L. W. MITCHELL, Secretary-Treasurer.
Examined and found correct,
H. G. FOREMAN, T. J. MACABE, Auditors.
TORONTO, March 12th, 1917.

Robert Cassels W. G. H. Browne

Cassels, Browne & Co.

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Direct Private Wire to New York, Chicago and Washington.

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Insure your property against mismanagement and relieve yourself of worry by enlisting the services of this company. You will receive the benefit of experience gained in the management of many estates, both large and small.

Our office will be glad to explain—by letter or interview—about the making of your will or any matters regarding a trust or banking business.

THE STERLING TRUSTS CORPORATION
President W. S. DINNICK Managing Director HERBERT WADDINGTON
80 KING ST. EAST · TORONTO
Telephone Main 2717

MONEY, BANKING AND EXCHANGE

Record Gains Shown in Bank Clearings—For the Dominion the Gain was 70.9 per cent.

According to official returns of bank clearings made to THE FINANCIAL POST for the week ending Thursday last, as compared with the corresponding period in 1916, there was a gain for the Dominion of 70.9 per cent. This large increase is largely due to the payment of instalments on the Dominion war loan. In the West the gain was 123.8 per cent., and in the East 53.8 per cent. It will be noted in some cases that the clearings are double those for the corresponding period last year. In the West, the cities to show the largest gains were: Lethbridge, 121.5; Medicine Hat, 120.6; Calgary, 106.6; Regina, 85.6; Saskatoon, 82.6; Vancouver, 54.8; New Westminster, 47.9, and Edmonton, 45.4. In the East, St. John, 79.1; Toronto, 78.4 (this record being the highest in the history of Toronto); Hamilton, 58.7; Halifax, 54.2; London, 51.3; Brantford, 43.3; and Montreal, 40.7 per cent. For the year to date the gain is 25.3 per cent. Comparative figures follow:

WEEKLY BANK CLEARINGS.

(In comparison with same week last year.)

Eastern Cities.

	April 19, 1917.	Change.	%
Montreal	$102,897,713 +	$ 29,756,011	40.7
Toronto	85,120,986 +	37,390,010	78.4
Ottawa	6,542,517 +	1,504,006	29.9
Hamilton	6,055,560 +	2,236,845	58.7
Quebec	4,564,711 +	1,012,244	28.5
Halifax	3,286,651 +	1,155,044	54.2
London	2,970,385 +	1,005,624	51.3
St. John	3,082,509 +	1,360,950	79.1
Brantford	975,535 +	294,929	43.3
Peterboro	778,919 +	190,910	32.4
Sherbrooke	754,515 +	202,998	36.8
Kitchener	718,200 +	100,908	16.3
Total, East	$217,748,201 +	$ 76,210,479	53.8

Western Cities.

	April 19, 1917.	Change.	%
Winnipeg	$ 71,518,849 +	$ 43,731,116	15.8
Vancouver	8,748,581 +	3,069,900	54.8
Calgary	7,897,954 +	4,074,411	106.6
Edmonton	2,923,866 +	912,868	45.4
*Victoria	....	....	....
Regina	3,217,535 +	1,481,794	85.6
Saskatoon	2,073,720 +	938,085	82.6
Moose Jaw	1,260,625 +	318,649	33.8
F. William	589,603 +	145,090	32.7
Brandon	586,101 +	68,316	13.2
Lethbridge	1,014,388 +	550,172	121.5
N. Westmi'ster	421,940 +	136,616	47.9
Medicine Hat	754,173 +	410,163	120.6
Total, West	$101,007,335 +	$ 55,837,180	123.8
Grand total	$318,755,536 +	$132,047,659	70.9
Year to date	$3,412,645,940 +	$688,901,168	25.3

3.603.373.166

*Returns not received at time of going to press.

U.S. BANK CLEARINGS.

Bank clearings in thee United States for the week ending April 12 aggregate $5,517,738,000, against $5,971,716,000 last weeek and $4,548,527,000 in this week last year, an increase of 21.5 per cent. Following are the returns for this week and last, with percntages of change shown this week as compared with this week last year:

New York	$3,178,849	I	16.3	$3,582,920
Chicago	508,171	I	40.3	466,296
Philadelphia	296,982	1	27.5	340.898
Boston	221,421	I	4.3	281,357
St. Louis	136,007	I	41.0	113,095
Kansas City	134,542	I	64.2	125,675
San Fran.	84,207	I	38.3	83,439
Pittsburgh	68,938	I	4.3	75,762
Cleveland	72,431	I	63.8	78,982
Detroit	54,618	I	37.1	48,046
Baltimore	41,769	D	8.1	38,250
Cincinnati	38,863	I	14.6	43,481
Minneapolis	31,182	I	18.7	29,929
New Orleans	33,398	I	52.6	41,353
Los Angeles	28,888	I	13.3	27,949
Omaha	34,173	I	50.3	34,060
Milwaukhee	23,841	I	26.2	21,882
Atlanta	26,885	I	55.6	22,694
Louisville	21,336	I	3.1	18,733
Richmond	21,336	I	37.0	22,625
Buffalo	16.576	I	16.2	20,893
Seattle	22,111	I	47.8	18,769
St. Paul	12,784	I	4.3	14,379

MONEY.

Call money in London, owing to temporary demand for treasury bill requirements, has been quoted somewhat higher this week, prevailing rates ranging from 4 per cent. to 4¼ per cent., which is from ¼ per cent. to ½ per cent. higher than last week. The American money market, on the other hand, continues easy, with call money to be had in plentiful quantity from 2 to 2½ per cent.

EXCHANGE.

Demand sterling, which opened the week at 4.7570, has been easier towards the close, yesterday declining to 4.7565. Cables were also weaker, dropping from 4.76½ to 4.76 7-16, the latter figure being yesterday's quotation.

Francs have been unchanged, with demand steady at 5.71 and cables at 5.70.

Both Italian and Russian exchange experienced fluctuations. The lire from 7.14 rose sharply to 6.90, with cables rising concurrently from 7.13½ to 6.89¼. This improvement in the position of the lire is due to the belief that financial assistance from the United States will soon be forthcoming.

The rouble was sold rather heavily on Wednesday, the idea that Russia might make a separate peace with Germany having a prejudicial effect. After opening at 28.70 and 28.80 for demand and cables respectively, roubles were yesterday quoted at 28.65 and 28.73.

New York funds opened the week at 9/32, went off to ¼, and then rose to 7/16, yesterday's quote being 7/16 to 15/32. The drop was due to the necessity of American buyers of the war loan financing their payments on Monday.

IMPERIAL

Lieut. C. S. Crombie, of Toronto, who was seriously wounded in the knee and thigh during the attack on the Vimy Ridge, was for several months with the Imperial Bank at Toronto, before he went to Winnipeg, where he enlisted with the 45th (Western) Battalion.

Pte. Ernest Arthur Rogers of Welland, who at the time of his enlistment was on the staff of the Welland branch of the Imperial Bank, is reported as having died of wounds in France. Pte. Rogers was 22 years of age and went overseas with the machine gun section of the 86th Battalion and was lately with the 29th Battalion at the front.

J. H. McChesney, teller of the Imperial Bank at Kamloops, B.C., was recently killed as the result of an automobile in which he was riding turning turtle.

The Imperial Bank is opening a branch at Laird, Sask.

DOMINION

W. S. Darling, who for the past two years has been manager of the Victoria branch of the Dominion Bank, has been connected with the Victoria branch for some years.

HAMILTON

The Bank of Hamilton has closed its branch at Stanmore, Alta., the Bank of Toronto having taken over its branches at that point.

COMMERCE

Lieut. Rae B. McCarthy, who was employed with the Canadian Bank of Commerce at Winnipeg, is reported as being wounded at Vimy Ridge. Lieut. McCarthy went overseas last September with a Winnipeg Battalion.

Lieut. Guy Armstrong Beck, of Toronto, is reported as being killed in action on April 9. Lieut. Beck was 23 years of age, and was born in Oshawa. Before enlisting he was employed by the Canadian Bank of Commerce in Toronto. He had been at the front since September, 1916.

STERLING

Lieut. James McArthur, who was for several years connected with the Toronto branch of the Sterling Bank, is reported as being killed in action. Lieut. McArthur enlisted with the 74th Battalion and went overseas about one year ago. He was afterwards transferred and had been in France since the late summer of last year.

Lieut. James Macpherson MacArthur, who is reported as being killed in action, was, before enlisting, accountant in the head office of the Sterling Bank ot Toronto. Lieut. MacArthur went overseas in April last and reached the trenches in July.

MONTREAL

Lieut. Lionel Eliot of Goderich, is reported as being killed in action. Lieut. Eliot before enlisting was employed in the Bank of Montreal at Goderich and had been at the front for nearly a year.

Lieut. R. C. McIntyre, who prior to his enlistment was employed in the Merchants Bank at Saskatoon, is reported as being wounded. Lieut. McIntyre, who is a native of Orangeville, went overseas in September and was wounded on April 9.

Lieut. Maitland F. Newman, reported as being wounded on April 9, was prior to his enlistment with the Bank of Montreal at the Toronto branch. Lieut. Newman enlisted in a Highland Battalion in January, 1916, going overseas in August last, and has served seven months in the trenches.

MERCHANTS

Lieut. Lisle Craddock Ramsay, who is reported to have been killed in the battle of Vimy Ridge, was employed in the Merchants Bank at Edmonton. Lieut. Ramsay went overseas from Toronto with a draft of Highlanders and had been in the trenches several months.

B. N. A.

It is understood that the Bank of British North America will build a $14,000 two-storey brick building at the north-east corner of Queen and Beach Avenue, Toronto.

UNION.

J. F. Miller, manager of the Union Bank of Canada at Vernon, B.C., and formerly manager of the Shelburne branch of the Bank of Toronto, has been transferred to the Pincher Creek, Alta., branch.

UNLISTED STOCKS.

Furnished by A. J. Pattison, Jr., & Co., Toronto, April 18, 1917:—

Quotations—	Bid.	Ask.
Abitibi Power, com.	60.00	70.00
Do., pref.	88.00	.....
Arena Bonds (Toronto)	.....	.....
Atlantic Sugar, com.	12.00	15.50
Belding, Paul, pref.	75.00	85.00
Do., bonds	.....	.....
Canadian Furniture, pref.	.....	42.00
Canadian Machinery 6's	68.00	77.00
Do., pref.	40.00	.....
Canadian Marconi	1.50	2.50
Canadian Mortgage	86.00	95.00
Canadian Oil, com.	38.50	42.00
Do., pref.	88.00	.....
Canadian Westinghouse	118.00	127.00
Continental Life	20.00	25.00
Crown Life	.....	.....
Dom. Pwr. & Trans., com.	61.00	64.00
Do., pref.	.....	.....
Dominion Mfg., pref.	.....	.....
Dom. Perm. Loan	69.00	72.00
Dunlop Tire, pref.	90.00	97.00
Frontenac Brew., 6% bd.	.....	.....
Home Bank	64.50	.....
International Milling, pre.	85.00	90.00
Imperial Oil	375.00	420.00
Loew's Theatre, com.	81.00	.....
Do., pref.	85.00	92.00
London Loan & Savings	95.00	110.00
McDonald, com.	12.50	14.00
Morrow Screw, 6% bonds	88.00	.....
People's Loan & Savings	85.00	91.00
Prudential Trust	.....	80.00
Ruddy, E. L., pref.	.....	.....
Stand. Re. Loan (par $50)	45.00	47.00
Steel & Radiation, com.	.....	30.00
Do., pref.	.....	68.00
Sovereign Life	.....	.....
Trusts & Guarantee	85.50	89.00
Tough Oaks	.....	.....
Ford Motor	.....	.....
Ontario Pulp, bonds	85.50	.....
Volcano Oil	120.00	130.00
Dom. Glass, pref.	78.00	83.00
Eastern Car, pref.	.....	.....
Do., 6% bonds	.....	.....
Russian Govt. 5½% bonds	27.00	28.00
Anglo-French, 5%	94.00	95.00
Belding, Paul, com.	.....	.....
Carter-Crume, com.	10.00	.....
Carter-Crume, pref.	.....	.....
Imperial Steel, com.	.....	.75
Do., pref.	1.25	2.75
McDonald, pref.	76.00	84.00
Toronto Paper, 6% bds.	86.00	.....
Chapman Ball Bearings	25.00	40.00
Linderman Steel	4.70	5.25
Atlantic Sugar, pref.	.....	.....
Wabassa, com.	27.00	32.00
National Brick bonds	33.00	37.00
Northern Crown Bank	.....	94.00
Black Lake bonds	25.00	30.00
Canada Paper, com.	87.00	95.00
Cockshutt Plow Co., pref.	.....	68.00
Dominion Explosives	.....	.....
Dominion Fdry., com.	168.00	173.00
Do., pref.	90.00	94.00
Dominion Sugar, com.	81.00	.....
Can. Tube & Iron	.....	99.00
Maritime Coal & R., com.	10.50	17.00
North Amer. pulp	5.75	6.25
Steel & Radiation, bonds	.....	70.00
Trust & Guarantee, 20% P.	.....	.....
Crown Trust Co.	.....	95.00
Carriage Factories, com.	12.00	15.00
Nova Scotia Steel 6% deb.	.....	96.00
Brompton Paper	51.00	53.00
Black Lake, com.	1.50	3.00
Do., pref.	4.00	5.00
Western Assur.	6.75	7.50
Sterling Coal bonds	42.00	.....
Hydro-Elec. Rad.	.....	97.00
Dominion Life	.....	70.00
Alta. Pac. Grain, pref.	90.00	97.00
Independent Amusement	70.00	.....
Universal Steel, com.	.....	35.00
Brandram-Henderson, com.	.....	50.00

SECOURS NATIONAL.

The Ontario branch of "Secours National" is making an appeal for help to relieve the sufferings of France, and has pledged itself to raise $25,000 immediately to provide food, clothing, money and shelter, and to furnish hospital supplies where needed. Under the distinguished patronage of H.R.H. The Duke of Connaught, and under the guidance of The Honorable Sir Glenholme Falconbridge, the Ontario branch has done much to relieve the destitute of France who have fled from the devastated districts. At the recent annual meeting the statement of total shipments and cash remittances to France since the formation of the organization on Feb. 11, 1915, totaled $204.303, consisting of boxes of relief suplies, hospital supplies, socks, motor cars, and food supplies.

WHAT THE ARMY LOSES THROUGH DRINK.

Continued from page 7.

to make life miserable for their families.

The degrading effect of liquor on character is its crowning infamy. The terrible temptations which are inseparable from the abnormal life of a soldier are but dimly understood by those who have always had a comfortable home; and, in the hour of temptation, even the strongest man needs all his faculties braced to resist. That is where the liquor traffic does its meanest work. I knew a brilliant young officer, whose life was full of promise, until some friends in London persuaded him that drinking was a necessary social accomplishment; then, while he was under the influence of liquor, lost women completed his fall. When he came to his senses, he hated the sight of liquor; and, as he left the base, he told me that he was going back to the front to make up for his mistake if he could. Within a month he was killed.

Venereal disease, with its close ally, the liquor traffic, has made untold ravages on the Canadian Expeditionary Force. The subject must be dragged out into the open before the people can realize the criminal waste of public money and the gross injustice done to every honorable man overseas and at home. When there is work of any kind to be done at the front, and when every man counts, "casualties" of this nature throw an added burden on those who keep straight. The nation has a right to demand the services of an able-bodied man up to the limit of his ability, and individualism which degenerates from liberty to license has no right in the present crisis to expect a moment's consideration. There is no place for the liquor traffic in a nation at war, or at peace.

This drain on our present military resources and the future assessments for pensions it is piling up for the Canada taxpayer cannot be longer endured. This parasite industry must be dealt with firmly and at once. There is a remedy for the present state of affairs; and the people, once they are thoroughly aroused, will find that remedy. If Ontario can suspend the sale of intoxicants during the period of the war so can the Mother Country.

THE ROYAL BANK OF CANADA
INCORPORATED 1869

Capital Authorized - - $ 25,000,000
Capital Paid Up - - 12,900,000
Reserve and Undivided Profits, 14,300,000
Total Assets - - - - 270,000,000

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360 Branches in Canada and Newfoundland.
Thirty-three Branches in Cuba, Porto Rico, Dominican Republic, Costa Rica and Venezuela

BRITISH WEST INDIES
ANTIGUA—St. John's; BAHAMAS—Nassau; BARBADOS—Bridgetown; DOMINICA—Roseau; GRENADA—St. George's; JAMAICA—Kingston; ST. KITTS—Basseterre; TRINIDAD—Port of Spain and San Fernando; BRITISH HONDURAS—Belize.
BRITISH GUIANA—Georgetown, New Amsterdam and Rose Hall (Corentyne).

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Administration of Estates is this Company's business and its officers are especially trained for all the duties involved and will be glad to discuss this subject with you.
Appoint this Company to act as either your sole executor or jointly with your friends.

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Toronto Office - Royal Bank Building

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HEAD OFFICE, MONTREAL,
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Sir Frederick Williams-Taylor, LL.D.
E. W. Beatty, K.C.
A. E. HOLT, Manager.
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BRUCE L. SMITH - - - - Manager.

THE STANDARD TRUSTS COMPANY
Head Office - - - - - - 346 Main Street, WINNIPEG.
J. T. GORDON, Esq., President
(President, Gordon, Ironsides & Fares Co., Ltd.)
WILLIAM HARVEY, B.L., Vice-President and Managing Director.
W. E. LUGSDIN, Secretary-Treasurer.
Authorized Capital .... $ 1,000,000.00
Subscribed and Fully Paid 750,000.00
Reserve and Surplus 500,000.00
Total Assets 15,000,000.00
Acts as Trustee, Executor, Administrator, Guardian, Agent, Etc.
By appointing this Company your Trustee and Executor or Financial Agent, you ensure expert and continuous service, and safeguard your Estate against mismanagement and loss.
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THE MANAGEMENT OF ESTATES

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PAID-UP CAPITAL AND RESERVE 860,325.00

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BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY, VANCOUVER AND VICTORIA.

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Sir John M. Gibson, K.C.M.G., LL.D., Vice-Pres.
A. D. Langmuir, General Manager. W. G. Watson, Asst. General Manager.
Toronto Ottawa Winnipeg Saskatoon Vancouver

SITUATION IN MEXICO VIEWED WITH OPTIMISM

Prospects for Development After the War Are Bright.

THE PRESENT COMPLICATIONS

Writer in New York Post Seems Inclined to Make Light of Present Difficulties and Prospects of of Further Trouble.

In view of the extensive financial interests which Canadian investors have in public utility projects in Mexico and the unsettled conditions prevailing in the Republic, a despatch to the New York *Evening Post* regarding the outlook is of interest. This is optimistic in tone and, therefore, reassuring, but at the same time it would appear that the possibility of serious complications arising out of the relations between the United States, Germany and Mexico is being overlooked. The writer gives particular attention to the projects of the Mexican Light and Power Company, the Mexican Northern Power Company, and the Monterey Company, all of which are of more or less direct interest to investors in this country.

Mexico presents great natural advantages for the installation of hydro-electric plants and the possible utilization of this cheap power in various lines of industry. There are vast and as yet little touched mineral resources located, in many instances, within easy transmission reach of possible sites of hydro-electric plants, and there would appear to be, under normal conditions, golden opportunities awaiting the investment of capital in projects of this nature. This character of enterprise had just entered upon a period of what promised to be far-reaching benefit when its further extension was interrupted by the beginning of the revolutionary troubles. These have interfered with the market for electrical energy, have unsettled labor conditions, and have been accompanied by political and financial complication which have had the effect of seriously unsettling the affairs of the companies concerned.

Mexican Light and Power.

The Mexican Light & Power Company, which is composed of a syndicate of Britishers and which was headed by the late Dr. F. S. Pearson, of New York, has holdings in and adjacent to the city of Mexico that represent an investment of approximately $100,000,000 gold. This company's hydro-electric plant at Necaxa, situated about 110 miles from the capital, was built at a total cost of about $80,000,000. This plant is composed of two units having an aggregate capacity of 127,500 horsepower. Besides the two main power stations at Necaxa, the company built and operates auxiliary hydro-electric plants at Texcopa, Laguna, Irrigador, and San Ildefonso, all of which are a part of the general power-generating and transmission system that supplies not only the city of Mexico with its power and lights, but also the mines and ore mills of the El Oro district and the city of Pueblo. The power transmission line of this company, which runs to El Oro, has a length of about 172 miles and carries a voltage of 85,000.

Forming an interesting part of the Necaxa power enterprises are two great reservoirs built in the mountains at an altitude of more than 10,000 feet, each of which has a capacity of about 6,000,000 cubic feet of water which is said to be sufficient to keep the hydro-electric plants in constant operation for six months without any rainfall. Adding the 31,400 horse- power which the auxiliary plants at Texcopa, Laguna, Irrigador and San Ildefonso possess to that of the two main plants at Necaxa, gives the Mexican Light & Power Company a total available horse-power of 148,900.

Notwithstanding the activities of revolutionists and bandits during the last several years in the vicinity of the city of Mexico and in the territory embraced in the power transmission lines and generating plants of the Mexican Light and Power Company, this service has been very little interrupted and comparatively small damage has been done to the physical properties. The financial losses have been due chiefly to the instability of the current medium of exchange.

Mexico Northern.

The Mexico Northern Power Company, which is composed of a syndicate of bankers of Toronto, Canada, has not fared as well during the revolutionary period as the Mexican Light and Power Company. The Mexico Northern Power Company has under construction a great hydro-electric plant on the Conchos River, about twenty-two miles from Santa Rosalia, in the State of Chihuahua.

When the Madero revolution began, the company had its big dam across the river nearly finished and was ready for the installation of machinery in its hydro-electric plant. It had entered into contracts with mine owners in the Parral, Santa Eulalia, Santa Barbara, and other mining districts of Chihuahua, as well as industrial concerns in the principal cities and towns of the state for supplying them with the electric power by means of a system of transmission lines that it planned to construct. The company had spent more than $5,000,000, it is stated, in its construction work at the time it was forced, on account of internal troubles of the country, to temporarily suspend its operations. Some work has been done from time to time during the revolutionary troubles and the project is still in an incomplete state.

Monterey Electric.

In Monterey the electric street railway system and power and lighting plant that is owned by a syndicate of Canadian people, has been in operation practically all the time during the disturbed conditions of the country. No improvements are in immediate prospect to these properties, but as soon as peace comes to the country, it is expected that the entire system and plant will be rehabilitated and placed on a firm business footing. The same condition applies to the electric street railway systems and power plants in Gaudalajara, San Luis Potosi, Aguascalientes, Chihuahua, and other of the larger cities of the country. In Vera Cruz and Tampico, the street railway systems and power plants are owned by Lord Cowdray and associates, and these properties have continued to do a very profitable business throughout the revolutionary period, it is stated.

J. B. HALL

Associate of the Institute of Actuaries, (Great Britain) Associate of the Actuarial Society of America.

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CANADA COMPANY.

Better Prices Were Realized During 1916.

The report of the Canada Company for 1916 states that transactions, while somewhat less in volume, compared favorably as regards price with those for the preceding year. The area converted to tenant freehold amounted to 4,010 acres, compared with 3,163 acres in 1915. The acreage leased with right of purchase, including renewals of cancelled leases, was 6,246 acres, and the balance of the land remaining under right of purchase leases at the close of the year was 40,806 acres, with a value of £146,470, showing a slight decrease of leased acreage, but net increase in value of £1,580.

Farm lands sold for cash amounted to 905 acres, against 1,411 acres in the previous year. Sales and leases totalled together 7,160 acres, compared with 8,950 acres, but prices were higher, averaging $18.62 per acre, or 23 per cent. over the book value, against 19 per cent. over the book value in 1915. The land in occupation under leases without option of purchase amounts to 28,633 acres at a rental of $10,486, while the land in occupation under leases, with right of purchase, is 69,440 acres, at an aggregate rental of £8,368. The proportion of occupied land to the whole remaining estates, lease and freehold, is over 55 per cent. The unproductive unoccupied area is now 56,530 acres, or nearly 4,000 acres less than at December, 1915. Gross receipts amounted to $117,920, or $4,000 over the preceding year's total, while net at £8,178 showed practically no change.

The Canada Company, which is an Ontario land concern, was incorporated in 1826. British capital is involved, and the head office is in London.

A governmest bill sponsored by the Minister of Finance will amend the bank act so as to facilitate the making of loans to farmers and live-stock men on the security of cattle and other stock.

CROWS NEST CO. EARNINGS LESS THAN DIVIDEND

Profits of $283,368 and $373,366 Distributed to Shareholders.

COMPANY'S POSITION STRONG

Payment of 6 Per Cent. Was Undoubtedly Decided Owing to Course Followed Previous Year in Writing Off Over $1,000,000.

Considering the fact that the amount of coal mined during the year 1916 amounted to 910,839 tons, being an increase of 26,000 tons over the previous year, and that the coke produced at 268,989 tons showed a decrease of only 282 tons, the fact that the profits of the Crow's Nest Pass Coal Company for 1916 showed a decline from $345,613 to $283,368 would, in view of the strong demand which has prevailed and attendant high prices, indicate that the company's cost of production has been considerably increased, or that the company was delivering under contracts which curtailed profits. In this connection the advanced cost of labor was no doubt an important factor. However, while the earnings were less than in 1915, they compared very favorably with those of 1914. In addition to the profits from coal and coke operations of $283,368, profits from land, timber, subsidiary companies and other sources amounted to $57,133, a total of $340,501, compared with $429,553 in 1915 and $263,484 in 1914.

Of this amount, $373,666 was paid out on a 6 per cent. dividend, while $76,854 of income from subsidiary companies was written off, leaving a surplus to be carried forward of $322,480, compared with $431,499 brought forward from the previous year. Following are comparative figures:

Less—		
Profits, lands, etc...	$ 83,940	$ 57,133
Profits, coal, coke...	345,613	283,368
Net profits	$429,553	$340,501
Balance forward...	1,180,146	431,499
	$1,609,699	$772,000
Written off	$1,078,200	$.......
Dividends	....	372,666
Reserve	100,000	....
Profits of subsid....	....	76,854
Total surplus	$ 431,499	$322,480

The fact that the directors paid out in dividends a larger amount than the year's net profits, may be open to some criticism, but it should be remembered that the company was placed in a very strong position at the end of 1915. At that time there was available for distribution $1,609,699, of which $1,180,146 was surplus brought forward from 1914. Of this amount, $1,028,218 was written off against depletion of mines and depreciation of plant, which it was explained occurred prior to 1909, and there was also written off $49,982 against furniture and against old accounts, the total being $1,078,200. In addition, $100,000 was added to rereserve. Thus the company opened 1916 in a very strong position.

The balance sheet showed current assets of $621,808 and current liabilities of $281,596. These figures compare with $758,703 and $251,869 respectively in the 1915 report. Securities owned stood at $970,349; unexpired insurance, $8,932; and mines, plant and equipment—less a reserve for depletion of $889,457—at $5,339,107, a total of assets of $6,940,197.

THE FINANCIAL POST learns that the directors decided to pass the quarterly dividend, which would have been due in the regular way on April 1st. There was still a large cash surplus available, but earning possibilities have been further clouded by labor troubles.

INDUSTRY FOR COOKSHIRE.

A Waxed Paper Concern to be Established There.

The Imperial Wax Paper Company is the name of a new concern which will be located in Cookshire, Que. The company has secured the Canadian rights for a new process of waxing paper, for the wrapping of bread and candy. The company will print the bread wrappers, and will handle the machines which are used in wrapping the loaves. A new factory will be erected and it is the hope of the promoters to start the work of excavating next week. The building will not be a large one, as the company will not manufacture the body stock, but only do the waxing.

Senator Pope, whose home is in Cookshire, is the largest shareholder in the company, while the manager will be J. L. McNichol, who is at present in charge of the paper manufacturing machine at McGill University.

The market for waxed paper is increasing all the time, not only in Canada, but also in the Old Country and Australia. In the latter country it is largely used by the packing companies.

STEEL AND RADIATION, LIMITED

SIXTH ANNUAL REPORT

PRESIDENT'S ADDRESS

To the Shareholders:—

THE most gratifying feature in connection with the operations of the Company during the year 1916 has been the increase in the Sales of its Heating Product, Boilers and Radiation, and also of the Fenestra Sash and Expanded Metal. This increase amounts to 30 per cent.

The War has brought increased trade to Canada; there has been great industrial activity in the making of munitions of war, labour has received higher wages, and money has accumulated; these benefits are not transitory, they will assist in developing the business of the Dominion along sound lines.

When the War is over and the men are released from munition factories and the soldiers return to Canada, there will be a readjustment of trade conditions, the old lines will be resumed upon an enlarged basis, and new channels of trade will be opened, and the business community will accommodate itself to altered conditions with the same rapidity that it fell into the making of munitions of war when other businesses were on the decline.

I have confidence that during the present year there will be a further increase in the Sales of Heating Product and that when the War is over there will be a speedy resumption of the building trade, which will restore the Sales to normal and very soon place the Company in a stronger position than it occupied before.

It is impossible to read the yearly Statements of the large industrial concerns throughout the Dominion without being impressed with the volume of trade now being carried on; take, for instance, in the Steel Industry in which I am interested, the unfilled orders exceed the total capacity of the Plant for the whole of the current year, running into next year—this business cannot all be munitions of war, a large part of it is in respect to the general trade of the Country, and will continue after the War is over.

I have been making enquiries recently with regard to the building trade, in which we here are specially interested, and I am told by those whom I consider the best authorities on the subject that things are improving, and that the deadness of the past three years is passing away, and that trade is coming to life again. One Architect informed me that there was more business in contemplation and enquiries being made than at any time since the outbreak of the War, also that there is an increased demand for rented houses, especially those of the better class, and that actual sales of dwellings were being made in considerable quantities, the favored class being those between $10,000 and $20,000 in value. There are many other signs, but the indications I have given are, I think, sufficient to justify a reasonable optimism with regard to the future of our business.

Full particulars of the Shell Contracts will be found in the Report of the Management on a subsequent page, from which it will appear that these operations have been conducted upon a fairly large scale, and in a manner which has been satisfactory to the Munitions Board.

We have made altogether nearly half a million Shrapnel Shells, 100,000 18-pounder High Explosives, 50,000 4.5 Howitzers and over 50,000 6-inch High Explosive Shells.

The cost of the machinery and equipment for the installation of these Plants has been considerable, and we cannot say what profit there will be until the Contracts have all been finally completed at the close of the War. My own opinion is that we were justified in undertaking this business and will be able ultimately to show a reasonable profit.

The general result of the Company's business for the year 1916 is satisfactory, the total Profits from all operations being $372,319.18, which after deducting interest on borrowed money, including Bond Interest of $68,717.85, leaves a Net Profit of $303,601.33. From this sum we have made provision of $100,000 towards Depreciation of Permanent Plants and Equipment and $100,000 towards Amortization of Munitions Plants and Equipment. We have also paid a dividend of 7 per cent. on the Preferred Stock for the year ending 31st December, after which there is a credit, as shown by the Balance Sheet, of $50,668.54.

In my remarks in our last Annual Statement I called attention to the increase in our Current Assets for the year 1915. I am glad to say that this favourable condition has been maintained.

HENRY M. PELLATT, President.

BALANCE SHEET AT 31st DECEMBER, 1916

ASSETS

CAPITAL ASSETS—				
Goodwill, Patents and Trade Marks:				
Balance 1st January, 1916			$2,030,546.46	
Real Estate and Buildings situate Toronto and St. Catharines:				
Balance 1st January, 1916		$642,055.04		
Additions during Year		930.45		
Plant, Machinery, Patterns and General Equipment:			642,985.49	
Balance 1st January, 1916:				
Permanent Plants	$584,759.06			
Munition Plants	204,311.67	$789,070.73		
Additions during Year:				
Permanent Plants	$ 6,561.52			
Munition Plants	299,803.42			
		306,364.94		
CURRENT ASSETS—			1,095,435.67	$3,768,967.62
Inventories of Raw Material, Supplies, Finished and partly Finished Product, Stocks on Consignment, Advertising and Stationery, at or below cost, as certified by responsible officials of the Company.....			$ 360,711.54	
Prepayments on Future Deliveries			1,369.91	
Sundry Debtors:				
Trade Accounts Receivable		$293,876.84		
Deduct: Provision for Allowances, etc., and Doubtful Accounts		38,079.67		
		$255,797.17		
Advance		222.48		
Advances to Officers of Company and Salesmen's Balances		421.38		
			256,441.03	
Cash at Banks and on hand at Head Office and Branches			3,418.05	
				621,940.53
DISCOUNT AND EXPENSE ON BOND ISSUE:			$ 51,525.45	
Balance 1st January, 1916			4,000.00	
Deduct: Proportion written off				47,525.45
DEFERRED CHARGES TO OERATIONS—				
Insurance Premiums unexpired and other prepayments..				4,786.45
				$4,443,220.05

CAPITAL AND LIABILITIES

CAPITAL STOCK—				
Seven per Cent. Cumulative Preferred Stock:				
Authorized, 20,000 Shares of $100.00 each		$2,000,000.00		
Whereof Issued, 6,647 Shares fully paid			$664,700.00	
Common Stock:				
Authorized, 30,000 Shares of $100.00 each		$3,000,000.00		
Whereof Issued, 18,617 Shares fully paid			1,861,700.00	$2,526,400.00
SIX PER CENT. FIRST MORTGAGE GOLD BONDS due 1st April, 1931:				
Authorized, 1,500 Bonds of $1,000 each		$1,500,000.00		
Whereof Issued, 1,000 Bonds of $1,000 each			$1,000,000.00	
Add: Interest accrued thereon to date		$ 15,000.00		
Coupons Unpaid		360.00		
			15,360.00	
CURRENT LIABILITIES—				1,015,360.00
Secured Loans			$ 139,595.98	
Notes Payable			16,777.89	
Trade Accounts Payable and Sundry Credit Balances....			221,300.86	
Wages and Salaries due and accrued			35,144.73	
Dividends in course of Payment			46,529.00	459,348.46
REAL ESTATE RESERVE			$ 121,115.00	
DEPRECIATION RESERVES—				
Permanent Plants and Equipment		$ 170,328.05		
Munition Plants and Equipment		100,000.00		
			270,328.05	
				391,443.05
PROFIT AND LOSS ACCOUNT—				
Balance at Credit thereof, per Exhibit No 2				50,668.54
				$4,443,220.05

PROFIT AND LOSS ACCOUNT

For Year ended 31st December, 1916.

PROFIT from Munitions and other Operations for Year to 31st December, 1916, before charging Interest on Borrowed Monies			$372,319.18
Deduct:			
Interest, including Bond Interest			68,717.85
			$303,601.33
NET PROFIT from Operations for Year to 31st December, 1916.			
Deduct:			
Proportion written off Discount and Expense on Bond Issue		$ 4,000.00	
Reorganization Expense written off		2,403.79	
Provision towards Depreciation of Permanent Plants and Equipment	$100,000.00		
Provision towards Amortization of Munition Plants and Equipment	100,000.00		
		200,000.00	
			206,403.79
BALANCE			$ 97,197.54
Deduct:			
Dividend Declared on 7 per Cent. Cumulative Preferred Stock for Year ended 31st December, 1916			46,529.00
Balance, at credit, per Balance Sheet, Exhibit No. 1			$ 50,668.54

FERTILIZERS AND FOODS.

Campaign in Connection With Crop Production in U.S.

A crop shortage threatens the food supply of not only the United States, but the Entente Allies. But proper fertilization will help to produce yields that will bridge the threatened danger. Railroad congestion, the doubling of coastal shipping freights on phosphate rock from Florida, the shortage of tonnage that cuts off the annual importation of 1,250,000 tons of pyrite ores from Spain and the nitrate imports from Chile, coupled with the war demand for acids in making explosives, makes the fertilizer question a serious one.

The advisory committee of the National Fertilizer Association therefore held a meeting at Atlantic City, to determine how best the industry could serve the Government by maintaining a normal production of fertilizer to keep up food production. The first steps will be an immediate survey of the industry, securing data as to stocks of raw materials on hand, and estimates of what will be necessary for a year. This information will be compiled and turned over to the Federal Government.

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OF CANADA

President, - - - JOHN BAYNE MACLEAN
Vice-President - - - - - H. T. HUNTER
Manager - - - - - - R. G. DINGMAN

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Published by
THE MACLEAN PUBLISHING COMPANY, LIMITED
143-153 University Avenue, Toronto.
MONTREAL, Southam Building, 128 Bleury St., H. M. Reid; WINNIPEG, 22 Royal Bank Bldg., C. W. Byers; BOSTON, 733 Old South Bldg., C. L. Morton; NEW YORK, 115 Broadway, R. B. Huestis; CHICAGO, 1104-7 Fort Dearborn Bldg., A. H. Byrne; GREAT BRITAIN—London, The MacLean Co., of Great Britain, Ltd., 88 Fleet St., E.C., E. J. Dodd, Director.

Toronto, April, 21, 1917.

BANKING AND INSURANCE.

IN DEALING with banking and insurance in a special way in this number, THE FINANCIAL POST has recognized that they represent the two great investing elements in Canada, as is shown by their assets, representing on the part of insurance companies permanent investments and on the part of banks loans for current business as well as holdings of more conservative securities. Statistics from the government returns—those for insurance being given for the first time—have been made the basis for surveys of changing features of the position of these institutions in which the war has played a very important part and in addition the broader field of their activities in rendering public service has been touched upon. Throughout the interests of the investor have been kept in view not only in relation to bank and insurance securities in particular, but the wide field of investment in Canadian stocks, bonds, mortgages, etc., upon which they have an important influence.

PUBLIC OWNERSHIP AND THE WAR.

CHAMPIONS of the cause of public ownership are taking advantage of the trend of public appetite in seeking for new and better things in administration to declare that public ownership is inevitable, that it is an incident of progress and that after the war it will be very generally adopted. There is no justification for these views. They are for the most part the efforts of manipulators of popular opinion to take advantage of the unsettled state of the public mind. Something is advanced which has the appearance of giving to the many benefits which have been the part of the few and which the public in half wisdom applauds.

To regard public ownership as inevitable is mere fatalism: It is a view which arises from inadequate knowledge of the subject or a desire to mislead. Nor is public ownership an incident of progress. It is rather an incident of reaction. A study of the history of the subject will show that democracy and public ownership are incompatible. It is a policy which has sometimes thriven in autocratic countries but never in countries where a high value is placed upon individual rights and liberty. The reason is that underlying public ownership methods are those of the autocracy.

Nor is there any sound argument from the economic standpoint that public ownership will meet the needs of after war conditions. The mass of public burdens upon all the belligerent countries and upon some neutrals will then be so great that there must be extreme reluctance to increase them. There is likely to be a considerable migration of people after the end of the conflict. These peoples will naturally migrate to that country which, in their opinion, offers the highest wages and the most unrestricted opportunity for the employment of their labor. The movement of capital will be likewise decided. The administration of industry by political forces must necessarily restrict opportunities and repel the influx of both capital and labor. Those countries will not quickly recover from the effects of the war where production is most active and that will be where the rewards of such activity in the wages of labor and the profits of capital are the highest and most certain. Those countries which permit themselves to be guided by visionaries into discouraging private enterprises must find themselves sadly handicapped in the struggle.

There is a distinction between certain legislative innovations being put into effect under war conditions. Some of them are to meet developments which have accompanied the war and others are due to the fact that the war has simply disposed of objections. Some are temporary measures and others should have been in effect long ago.

FREE WHEAT AND TRANSPORTATION.

THE decision of the Ottawa government to adopt a free wheat policy has been followed by such an outburst of political feeling by the party press that there has been little effort to discuss the economic advantages or disadvantages in a practical way. We have seen no reference to the probable effect in relation to that great problem—transportation. In this connection there would appear to be advantage for the Western shipper but disadvantage for the Canadian transportation companies in about the same proportion. Let us hope that the benefits to the farmer and to the prairie country will be such as to outweigh any loss that Canadian railways may suffer.

The cry of Western Canada for increased transportation facilities for the marketing of the golden crop has been heard throughout the land for some years. It has not been so much in the branch line service that there has been fault, but in the clearing between Winnipeg and the seaboard. The illustration of the kettle and the spout has often been used. The Hudson Bay Railway is being built, but its benefits are regarded as doubtful. The Panama canal has been constructed, but it is to be doubted if it will ever carry a great volume of Canadian wheat or flour; the benefit of cheap water rates will be lost for some time to come, owing to the shortage of shipping, and then there are the unfavorable climatic conditions. On the other hand, there is now the removal of trading restrictions with the United States and the opening of the American market.

A glance at any map of Western Canada and the Western States will show the large number of branch lines which the Great Northern Railway has constructed to the Canadian border. Who will say how far "Jim" Hill saw in the future when he built those lines. Their location may well have been decided for the time which has now arrived when, with the American market open, Canadian wheat will be able to move south to advantage as well as East. If these lines are now extended over the Canadian boundary they should prove a very important factor in relieving the annual congestion, as Canada's heavy shipments—owing to the lateness of the season—do not occur until after the first great pressure has been relieved in the States.

BUSINESS IN AGRICULTURE.

THE lack of business administration of the affairs of the department of agriculture and the need for a capable executive at the head to insure efficient organization for the increased production now so much needed from Canada's greatest industry has previously been pointed out by the POST. The efforts now being made by commercial organizations and other public bodies to render assistance emphasizes the woeful want of organization referred to. Not that these efforts are unappreciated for the spirit of co-operation between urban and rural communities and interests which they represent, but they go such a little way towards the practical results desired. That this point is being appreciated by the thinking agriculturalists is indicated by a letter in the daily press by "A Man on the Land," who says in point:

> It is worthy of note that, thus far, any real effort that has been made to assist the farmers to realize a bumper crop this season has been made by the people themselves and not by the Government.
>
> With the exception of establishing an information bureau for the benefit of the farmers the Federal Government has done little in the way of practical assistance.

Further, this advocate of the application of national business methods in relation to production makes the pertinent observation that when the country wants war supplies it does not merely advertise and then stop, but on a business basis makes arrangements to see that something is done to manufacture what is required.

At this time the great need is for increased agricultural production. Efficient national organization is required to that end. If in order to increase production reasonable profits should be assured against a sudden readjustment, then the government should consider such a step as a temporary measure, but the real difficulty lies in the fact that the whole industry has been allowed to drift through lack of executive ability in the administration of the government department and the response to speed up, even under the encouragement of the present high prices, has not been in keeping with the developments in other industries playing a part in the great national effort.

A HARD-HEADED banker was asked if he thought that many wealthy men would sell the securities that pay them from 4 to 6 per cent. in order to provide funds for investment in United States bonds yielding 3½. "I don't know," he said. "I've sold $300,000 worth in the past few days in order to enter an initial subscription for that amount."

EDITORIAL NOTES.

IN view of the German submarine campaign it is appropriate that the Allies should adopt a sink or swim together policy.

* * *

THE Guarantee Trust Company of New York are reissuing certain bond coupons which they now believe to be lost on the German submarine "Bremen." Some of the United States financiers feel that the British Government might now consent to furnish definite information as to the fate of the submarine so that the securities, believed to have been lost, might be re-issued by all the American companies.

* * *

THE suggestion of F. M. Chapman, editor of *Farmer's Magazine*, that the Ontario Department of Agriculture purchase agricultural tractors for use in preparing land for crop in the older portions of the province is attracting considerable attention. Even though the season is now late to take up the plan and the practical benefits over a large area, therefore, in doubt, the demonstration of tractors should have good effects from an educational standpoint. The difficulty of the government going into such a scheme will be to secure efficient operation and proper care and protection for the machines, which as government property would be scrap in a comparatively short time with many of the operators employed under the usual political system.

* * *

THE Aberdeens are at it again. It is announced that they "will head a parade of Paul Reevers in New York, who will summons the people to arms in another fight for freedom, as a part of 'Wake Up America!' day to be held in commemoration of April, 19, 1776, when our forefathers—the Minute Men—fought the British from behind fences and trees with flintlock rifles along the road to Lexington."

The best friends of the Marquis and Countess of Aberdeen cannot understand why they should display such bad taste. Their actions will undoubtedly be resented by the thousands of descendants of Empire Loyalists in Canada and act as a check on the splendid feeling now developing between the people of the Dominion and the United States.

The question will not down: "Why do the Aberdeens remain in the United States?"

"DIAMOND JIM" BRADY—CAR KING AND PLEASURE SEEKER

Something of the Life of an Energetic Upbuilder of Industry Who Was Known to the Public as a Picturesque Figure of Broadway.

By the death of James Buchanan Brady, the wealthy steel car manufacturer, who was known by Broadway and the American people as "Diamond Jim Brady," the United States loses a remarkable character. By day an energetic industrial captain, whose efforts were largely responsible for the upbuilding of several large manufacturing institutions; by night he was known to the theatre-goers and pleasure-seekers of the American metropolis, where his pleasure in the typically Broadway entertainments made him a marked figure, to which an extravagant display of diamonds and other jewels added a picturesque effect.

Man of Business and Pleasure.

One book would be all about the James Buchanan Brady, of the daylight hours, voluntarily the hardest worked man in his offices at 170 Broadway, acknowledged "the best salesman in the country," a capitalist who at a pen stroke, had he cared to do it, could come close to shutting up an entire city of 25,000 souls in western Pennsylvania, inasmuch as almost the entire town is employed by his Standard Steel Car Company, and the company practically owns the town.

The biographer's other book would be even more spectacular, and it wouldn't have a line in it about James Buchanan Brady at all. Instead, it would have to do altogether with the Diamond Jim Brady who nightly came into being in the theatrical and restaurant region of Longacre Square when dusk fell—the Diamond Jim ablaze with the thousands upon thousands of dollars worth of jewels which gave him the sobriquet by which Broadway knew him; seated in restaurants before quantities of food so appalling that nearby diners, fascinated, let their own meals grow cold as they watched him demolish the dozens of raw clams or oysters and the piles of bread and catsup which he consumed while waiting for the soup and the birds or the double steaks and vegetables that always followed. He would finish a pound box of candy in five minutes.

A Great Patron of the Theatre

And much would have to be written about the Diamond Jim seated, now ablaze with still another set of jewels in an aisle chair in the front row on theatrical opening nights, while prima donnas or show girls nodded to him from the stage or, as sometimes happened, a privileged comedian on a first night boldly said, "Hello, Jim," over the footlights. And more than a chapter could be given to the monumental midnight supper after the performance, Diamond Jim, surrounded by troops of the loveliest ladies of the stage and, finally, one-stepping in a Broadway trottery until the roosters began to crow—easily the most popular man at the party.

So, from dusk until almost dawn, the Diamond Jim Brady would play with as much genuine relaxation as the James Buchanan Brady would labor with intensity in the financial district during daylight hours. And after a few, a very few hours of rest in his home at 7 West Eighty-sixth street, where his household consisted chiefly of Yamas, who was his faithful Japanese valet and guardian of the jewels, and his dog and the little cat he had picked up on the street in Baltimore and had made a pet of, Diamond Jim would become James Buchanan Brady again.

He never took an alcoholic drink in his life, never used tobacco in any form and he drank no tea or coffee. His constitution had a great deal of his own steel car construction in it, wherefore, despite the wracking nature of both his work and his play, he lived intensely night and day for many years before the final smash came.

He Had 200 Suits of Clothes.

Younger men who had tried the all-night parties of Broadway every night came and went, mostly went, the youngsters lasting only months or even weeks during the uninterrupted years that Diamond Jim was steadily adding glitter and picturesqueness to Broadway night life because of his 200 suits of clothes and his thirty sets of jewelry, each set consisting of fifteen pieces and five of the sets valued at $100,000 each.

The younger men who were mowed down quickly could recuperate somewhat, too, by sleeping all day, whereas Diamond Jim arose early and—now a quick thinking, soft spoken, alert James Buchanan Brady—was among the first on the job down town. But the youngsters who cracked under the strain usually dropped into bed drugged with alcohol and nicotine; Diamond Jim's excesses consisted solely of overdoses of the most excellent foods obtainable.

In the Brady biography there would have to be chapters in the Diamond Jim book also about his racing days, when he owned the crack $30,000 Oiseau and Gold Heels and other thoroughbreds. Back in those glad days his massive figure would wedge itself into the betting ring, sheaves of yellowbacks between his bejewelled fingers, and the bets he placed were of a size that made the bookies think hard.

Yells at Joy of Winning.

Once a Brady picking began to nose out of the ruck and light out for the finish with nothing in front of it but daylight even a blind man would know what was happening. For Diamond Jim, jumping to his feet in the grand stand, his heavily jowled face aglow with the ecstasy of the moment, would let loose bellowing yells of sheer joy that arose above the roars of the crowd and the blare of the band and the thunder of swift hoofs pounding past through the sunlit dust clouds. There are fans who believe that the echoes of those Brady yells still are haunting the deserted weed grown tracks.

When the Governor of the State brought an end to the Percy-Gray law and racing was ended, no darky stable boy or glum little jockey grieved more than Diamond Jim.

"Listen," he said solemnly to his office force in a little speech he made to his employees on the eve of a subsequent election day which was to decide whether or not the same Governor was to be returned to office. "I don't like to butt in on the politics of any man working here and I wouldn't discharge anybody for voting wrong to-morrow. But—But!—if any one here casts a vote for this John J. Jungleface for Governor to-morrow and I find it out, then that member of this staff is going to lose my liking for him, that's all."

Gets New $250,000 Stomach.

So great was the publicity which attended Mr. Brady's so-called "new $250,000 stomach" in the summer of 1912—meaning thereby a recovery from kidney and stomach lesions following surgical and medical treatment at Johns Hopkins Hospital which enabled him to return to Broadway and momentous meals again after months of forced abstemiousness—the reading public, fed chiefly with happy yarns about the "new Brady stomach," almost lost sight of the scientific importance of his very fine gift to the Baltimore institution.

Upon his departure from Johns Hopkins, comparatively a well man again, Mr. Brady promptly handed over a sum in the neighborhood of a quarter of a million dollars to Johns Hopkins as an initial contribution for the building and maintenance of the James Buchanan Brady Urological Institute. Furthermore, he guaranteed at the same time an annuity of $15,000 to go toward the upkeep of the institute, and in a letter to Dr. Hugh H. Young, professor of urological surgery at Johns Hopkins, he said when forwarding his cash gift that he had just added a clause to his will providing for "a substantial sum" to be devoted to the future needs of the institute.

Pitied Other "Poor Devils."

Journalistic wags, who for years had been having much good natured fun at Mr. Brady's (rather at Diamond Jim Brady's) expense, may have written chiefly about the new "$250,000 stomach," but the medical and surgical world in general, and Baltimore in particular, appreciated the splendid gift at its real value. Here was a new unit in a great medical institution where not only "other poor devils can be made well again," as Mr. Brady put it, but which enabled Dr. Young and his assistants to do surgical and pathological research in urology upon a scale and with a scientific equipment which previously had been impossible.

There was a "Brady day" of civic importance in Baltimore when the institute was dedicated on May 4, 1915. Hand clapping finally was lost in cheers that day as the donor, blushing like a particularly adipose schoolboy, was thrust into the limelight to make a speech to the assembled civic dignitaries.

The Brady speech took up only a paragraph in the newspapers the next morning. At the end of the speech Mr. Brady would have become Diamond Jim again and hurried right back to his beloved Broadway had not Baltimore insisted upon a public reception, during which he was again forced into the spotlight.

He Gave Freely to the Poor.

Then there was a banquet in his honor in the evening, and when the coffee had been served some of the foremost men in public life in Maryland and great scientists and others of the mighty arose and told Mr. Brady that he was a big-hearted and altogether remarkable man—facts which wealthy associates and his proteges among the poor here had known for many years.

The aid he gave to the poor that came to him (and Diamond Jim's charities that became known were many), doubtless was given all the more heartily because for a long time he also had been very poor. He was born of Irish parents in Cedar street, on August 12, 1856. In the New York public schools he got the elements of learning, but he had to give up his books when a little chap and begin to earn his own living, first as an office boy with a downtown law firm. He was a messenger for a while also, and, in his youth, a baggage-man at the old Grand Central station.

Then he got a job with the firm of Manning, Maxwell & Moore, machinery manufacturers, and early showed signs of salesmanship ability that amounted almost to genius. He saved his money, and after he had been with the firm a few years he put up his savings to back a metal cutting saw and thus got his first real start toward riches. Then he became identified with the Fox Pressed Steel Company, subsequently the Pressed Steel Car Company, and finally with the Standard Steel Car Company, of which he was vice-president from the time it was organized until his death.

Started on "Beef and Beans."

"I began to eat away down town, where corned beef and beans cost a dime a plate," he told the New York Society of Restaurateurs when called upon for a speech at the restaurant men's annual dinner in 1916. "Then I got swell enough to go to my old friends, Smith & McNeill, where I could get one of the best meals of the day for 25 cents. And by degrees I edged my way up town until I was eating table d'hote dinners for 30 and even 40 cents. Finally I arrived right among you gentlemen. Since then I've eaten everything in sight except the tablecloths."

The one-time baggage smasher at the Grand Central Station was host at a dinner here which he gave at the end of the summer of 1912 to celebrate his recovery at Johns Hopkins. One of his guests was, at the time of the dinner, of some importance around that same Grand Central Station, the guest in question being Charles S. Mallen, president of the New York, New Haven and Hartford. Some time later, while testimony was being given before the Interstate Commerce Commission, it was learned that one of Mr. Brady's companies had sold the New Haven road—even the New Haven — more than $8,000,000 worth of steel cars. One might reason from this that there was more careful thought and deliberation in selecting the guests at a James Buchanan Brady dinner than at the happy-go-lucky dinner and supper parties given by Diamond Jim Brady.

Wonderful in Salesmanship.

His faculty for salesmanship was uncanny. Largely he got results because he was so close a student of detail as well as of men. He knew railroading well and he knew all about steel cars. If he thought a road needed something in his line he would take a trip over that line and soak in its needs by means of remarkable observation. Then he would call to see the president of that road and tell him that the line needed cars. If the official wouldn't agree with him out would come the Brady statistics and other data—exact figures to prove that the rolling stock was below standard. Usually he got the order.

Upon his death last week estimates were made of his fortune that ranged all the way from $5,000,000 to $10,000,000. His jewels, which he began to collect about twenty-five years ago, have been valued at $1,200,000, most of which it was reported, will go to the Metropolitan Museum of Art. He had one diamond said to be worth $50,000; sets of pearl, ruby, diamond, cat's eye and emerald, each valued at $100,000; great shirt studs and rings crusted with perfect gems and literally as large in circumference as a fifty-cent piece—some even larger; rings, the jewels of which arose almost an inch above his knuckles in pyramids of glitter, the gold or platinum mountings that held the gleaming pyramid covering not only the finger upon which the ring was worn, but more than half of each of the fingers immediately adjoining as well; diamonds and rubies and pearls hidden beneath his clothing in the form of ornaments for suspender or garter buckles; a set of waistcoat buttons alone which more than represented the interest on $1,000,000 at 4 per cent.—that was the way Diamond Jim Brady went in for jewelry.

Loved Gems as Works of Art.

And, oddly enough, he didn't wear his enormous jewels to impress others. Gems were a passion with him. He loved to wear them, to handle them and look at them even in the privacy of his own home—just as another type of man would find his greatest joy alone among his Corots, his Millets or his latest Velasquez. But the intellectually imaginative charm of a silvery Corot had no part in Diamond Jim's joys. His pleasures were sensuous and of the earth earthly—resplendent jewels, the loveliest among Broadway's stage beauties, who surrounded his restaurant tables in bevies; the richest of foods and the gayest of musical comedies.

If his voice was loudest at the racetrack when his horse was winning in the old days, he was the quietest at his parties. In the popular mind Diamond Jim Brady suggested bluster and noise and brag. Really he was quiet, almost solemn, in movement and speech. There was in fact a certain gentleness in the way he addressed one which those who talked with him found very winning and not at all what one would expect from a man of his massive form and heavy features.

Besides his vice-presidency of the Standard Steel Car Company he was a director of the Standard, president and director of the Independent Pneumatic Tool Company, vice-president and director of Manning, Maxwell & Moore, Inc.; president and director of the Thermoton Company, director of the United Injector Company, vice-president of the Keith Car and Manufacturing Company and of the Osgood Bradley Car Company, director of the Consolidated Safety Valve Company, and he was interested in several other enterprises connected with railroad products.

He was known more or less intimately to many Canadians, and was on very friendly terms with W. W. Butler, vice-president of the Canadian Car & Foundry Company.

PERSONAL

A. A. AYER, who has just been elected president of the National Brick Company, of Laprairie, has been on the board of directors for some years. He is president of the wholesale produce firm of A. A. Ayer & Co., and is known as a very keen business man. He succeeds J. C. Greenshields, K.C.

CHARLES M. SCHWAB is quoted by Mayor Curley, of Boston, as having said that an emisary of the German Government had offered him $100,000,000 two days before Congress declared the existence of a state of war with Germany if he would cease making munitions for the Allies at the Bethlehem Steel Corporation's plants.

ANGUS McLEAN, Bathurst, N.B., the new director of Canada Cement, is a prominent man in the lumber business. He is vice-president and general manager of the Bathurst Lumber Company; president of the Hugh McLean Lumber Co., Buffalo; vice-president of the Haines Lumber Co., North Tonawanda, N.Y., and vice-president of the Wood Mosaic Co., New Albany, Ind.

G. A. MACPHERSON, who has been admitted to partnership by A. E. Ames & Co., Toronto, has been associated with the bond department of that firm for seven years, latterly as sales manager. He is one of the best known bond men in Canada, having covered all parts of this country and the United States and also having been for a time manager of the Montreal branch of the firm. Prior to joining A. E. Ames & Co., Mr. Macpherson was in business in Guelph. He was born at Smithville, Ontario, and is a graduate of Toronto University.

JOHN GALT, president of the Union Bank of Canada, spent two or three days recently in Vancouver making an inspection of the bank's interests on the coast. He expressed the opinion that while British Columbia had gone through a severe period of financial depression, he had every confidence in the future of the province. He said that the general feeling throughout the East and Middle West was that this province had weathered the financial crisis. The country as a whole, he said, was coming through a very strenuous time and the way in which it had stood up under the strain was one which should make Canadians justly feel proud. Referring to the increased cost of living, he said: "The increased cost of commodities is one that has tried the people of the Dominion severely, and while it must be admitted that prices have risen to a figure unheard of in the history of Canada there has not been that general complaining that might be expected. I feel that this is an indication of the loyalty of the people to the cause of the Allies. In my opinion there is no indication of a return to pre-war prices."

COMMISSION RECOMMENDS ORGANIZATION of RAW MATERIALS and RESOURCES

A Review of the Report Presented by the Dominion Royal Commission After an Extended Survey of the Whole Situation.

From the complete copy of the report of the Dominions Royal Commission, which was presented in London a couple of weeks ago, we are able to form a more comprehensive idea of the field which has been covered within the broad scope of the inquiry, the conclusions which have been reached and the recommendations made. The document is one of particular interest and value in its opportune presentation at a time when so much serious thought is being given to Inter-Empire relations of the future. In the course of the inquiries made the members of the commission travelled many thousands of miles, visited the capitals of every state and province of the Dominions and examined more than 850 expert witnesses. The report is, therefore, by far the most comprehensive survey of empire resources, actual and potential, that has ever been attempted and it is accompanied by proposals for the development of those resources which, although many of them invite criticism, will form the basis for future discussion and action.

First let us briefly summarise the recommendations which have been made:

(1) It being vital that the empire should become self-dependent for supplies of essential raw materials and commodities, a complete survey should be made of empire production and requirements.

(2) Create an Imperial development board to undertake this survey, and generally to carry on permanently the work of the commission.

(3) Local governments to carry on research in dominions, limiting the Imperial Institute's activities to India, the crown colonies and protectorates.

(4) Control and supervise emigration under a central emigration authority in the United Kingdom, assisted by consultative board of representatives of the dominions.

(5) Make special efforts to increase emigration by women.

(6) Arrange adequate capital, training and assistance for ex-soldier settlers.

(7) Extend and improve imperial communications by deepening harbors, developing fast steamship services, regulating freights, extending and cheapening cables.

(8) Reform and strengthen consular services and commercial intelligence.

(9) Unification of legislation on trademarks, patents and companies; establishment throughout the empire of decimal coinage and metric weights and measures.

Controlling Raw Materials.

The significance of the recent war developments and the effect which they are likely to have upon conditions of the future as regards our national resources is indicated in the commission's statement that the Empire should, as far as possible, be placed in a position which would enable it to resist any pressure which a foreign power or group of powers could exercise in time of peace or war, in virtue of a control of raw materials and commodities essential to its well being. Pending the results of the Development board's investigations, it is recommended that the Imperial and Dominion Governments should take steps to stimulate output and control prices by:

(a) Grant of bounties.

(b) Government purchase at a minimum price.

(c) Restriction of foreign control within the Empire.

(d) Restriction of Government purchases to articles produced from Empire materials.

It is in regards to articles mainly produced and controlled in foreign countries that Government action is most needed in order to promote economic independence ,and it is suggested that the Development Board should investigate:

1. Measures to prevent waste in existing sources of supply.

2. Possibilities of new sources of supply.

3. Possibilities of substitutes where important commodities are not available within the Empire.

Among the facts brought out by evidence a few of the more important may be mentioned. The Dominions purchase almost as large a quantity of manufactured articles from foreign countries as from the United Kingdom, and their sales of raw materials to foreign countries (including re-exports from the United Kingdom) are larger than to the mother country. This points to the need for concerted action for the promotion of inter-Imperial trade. For example, no steps have yet been taken to ensure that the large amounts of capital advanced in the mother country for public works and similar objects in the self-governing Dominions shall, within due limits, increase the opportunities of the manufacturers of the Empire. A new policy in this respect is urgent, and should be one of the first and most serious duties of the new British Trade Bank.

Livestock Raising.

The commissioners urge the further stimulation of cattle breeding, sheep raising and the keeping of pigs, not only in Great Britain and Ireland, but in the Dominions, more particularly in Canada, where these industries are at present little developed, and, in their opinion, steps should be taken to encourage the shipment of pedigree stock from the United Kingdom to the Dominions. At the present time the United Kingdom exports cattle and sheep for breeding to the Argentine Republic in larger quantities than to all the Dominions put together.

Temporary measures of control will be required on the termination of the war in connection with the meat supply, etc., from the Dominions. Owing to the depletion of live stock resulting from the war there will be a shortage of beef, mutton, butter and cheese over a large part of the continent of Europe, and unless special action is taken there may be a risk that Australian and New Zealand supplies will be diverted. The commissioners believe, therefore, that it would be sound as a temporary measure to continue the policy of Government control of refrigerated space in vessels trading to the United Kingdom from Australia and New Zealand.

Mineral Production.

Special action is called for where materials are produced in the empire in sufficient quantities for its needs, but have hitherto been shipped to foreign countries for treatment or refining. Examples are zinc, tungsten ore and monazite. Since the outbreak of war steps have been taken by the Imperial Government to secure control of production in these cases, and the commissioners suggest that this policy should be developed and extended. They think it most desirable that the principle of State purchase of tungsten ores should be maintained for a number of years after the war.

In regard to minerals it is of pressing importance to ascertain whether workable deposits exist of such minerals as quicksilver, platinum, borax and potash, which are at present obtained almost solely from foreign sources. Also, where quantities of such minerals, e.g., platinum, are known to occur in conjunction with other ores, it is imperative that steps should be taken to secure their recovery. Further, investigation is needed, both in the case of minerals of which empire supplies are at present unknown and in the case of minerals already worked, in order to determine the most economic means of production.

In view of the importance of petroleum as an asset to the navy, it is suggested that where in any part of the Empire an extensive oil-bearing area is found, steps might be taken to reserve some portions for public purposes.

The forest resources of the Dominions are of immense size and value; yet the actual production of timber within the Empire is at present insufficient for its consumption. The United Kingdom is largely dependent upon Scandinavia for supplies of timber, wood-pulp, and pit-props. Investigation should immediately be undertaken to ascertain what cut of timber can actually be made within the empire without drawing on capital supplies, and that thorough and co-ordinated systems of timber conservation and forestry management should be agreed upon.

Ports and Shipping.

The portion of the report devoted to the distribution of British population, particularly women, in the empire cover a wide area. The recommendation in regard to the improvement of imperial communications are also of the utmost interest. Cheap, speedy and efficient transport between all parts of the empire is a vital necessity for the scientific development of imperial trade. Transport of this nature cannot be obtained except by the use of vessels of great length and draught. Hence the development of harbors and their approaches on the great trade routes of the empire is essential and urgent. In order to secure uniform progress in the future they recommend:

(a) That all schemes of improvement for scheduled ports and dry docks should be submitted to the proposed imperial development board.

(b) That where enlargement of any scheduled port or dry dock involves expenditure in excess of local requirements, the Government concerned should assist in providing the necessary additional capital and interest charges.

(c) That an imperial representative or representatives should be added to the governing bodies of those ports in the United Kingdom which are scheduled in accordance with the scheme.

Hitherto important mail contracts have never been arranged to render possible periodical review of the policy of the Empire as a whole in regard to its sea communications. It is possible so to arrange matters that new Imperial services can be initiated in 1922 when the last of the existing mail contracts expires, and, in the interval, the Imperial and Dominion Governments could arrange to deepen selected ports to accommodate vessels of the length and draught required to secure high speed at reasonable cost. The way will then be clear for the development of new mail services of high speed by other routes than that now utilized. Detailed tables of distances and times for the proposed new service to Australia and New Zealand are given. The first is via Canada and the Pacific, the second via the Union of South Africa. The commissioners are also in favor of development of the route from the United Kingdom to New Zealand and Australia via Halifax, Bermuda, Jamaica, the Panama Canal and Tahiti.

Cable Extensions.

Government control of freight is proposed, and with regard to telegraphic communications the commissioners are convinced that a scale which would permit at some time or other of the week the exchange of messages in plain language to and from the furthest parts of the empire at a charge of, say, sixpence a word, would attract an immense amount of traffic and serve to bring the distant communities of the empire into close and rapid contact. Public opinion in all the Dominions is in favor of a policy which will secure State control of telegraphic communication between the United Kingdom and Australia and New Zealand through Canada. The commissioners recommend that the State should acquire as soon as possible (either by lease or otherwise) one of the existing cables across the Atlantic, with the necessary land line connection, between Nova Scotia and Montreal, there to connect with the existing services administered by the Pacific Cable Board.

SIR LYMAN JONES---A PUBLIC SERVANT

Highest of Tributes Paid to One of Canada's Greatest Industrial Captains.

That he lived to serve was the final and high tribute paid to the late Sir Lyman Melvin Jones — the highest tribute which could be paid to a man who has played such an important part in his country's development as a captain of industry and employer of labor. At the last rites it was said of him that the secret of a life, whose memory was revered not only in the industrial world where he was a chief, but in the various other worlds of thought and activity that go to make up a nation's strength. was but a word, was but a single thought—service. To quote from the eulogy of Rev. Daniel Strachan:—

> At this moment, the wheels of that vast industry that has been built up largely through the vision and labor of him whom we mourn—an industry that finds its activities in many lands and is protected by many different flags—is silent, because the multitude of men who guide and control the wheels desire to have some part with us in the outward expression of our mourning.
>
> The Political world pauses for a little to-day because it realizes that one has been removed from its counsels whose judgments were always sound, and who always saw beyond the horizon of new party, and who was trusted even when his opinion was not in harmony with theirs.
>
> In the Financial world there is a deep regret to-day because of the removal of a trusted counsellor, and it is remembered that through the strain and stress of the past critical years, the judgment of Sir Lyman was always such as tended to promote confidence and steadiness in a world so keenly sensitive to the changing condition of the times.
>
> And yet it cannot be said that he was either a politician or a financier. Political honors he shunned, and the amassing of a great fortune he willingly forfeited, though both were always within his grasp.
>
> What then was the secret of that life, whose memory is revered to-day not only in the great industrial world where he was undoubtedly a chief, but in the various other worlds of thought and activity that go to make up a nation's strength? As usual it can all be summed up in one word; as usual it can all be expressed in a single thought:
>
> The word is Service.
>
> The thought is, he lived to serve.
>
> During his life he was honored by his King in being admitted to a fraternity whose Ancient Creed at any rate was service to humanity; and by the President of France he was made a Chevalier of the Legion of Honor.
>
> So far as citizenship is concerned such honors could not have been more wisely placed, for many years before, Sir Lyman had unconsciously earned his place in the Legion of Honor by adopting as his working creed an unselfish service to humanity and the consecration of all his gifts to his fellow men. That was the thing that insipired his whole life. He early found his place in the company that was to absorb all his time, and his energies, and he found in his work ample scope to satisfy the man of widest vision. Fortunately for him and fortunately for Canada, very early in his career he was sent to the gateway of the great West, and soon the vision of all that Canada was to be, possessed him. From that moment his work was his calling, his profession, his religion. He lived to serve.
>
> They say that most of the perfected tools and machines, that have such a place in the development of this Dominion, bear the touch of his genius brain, and might reasonably be expected to bring to his family fabulous profits in royalties received by patents. But no patent controls anything that came from his hand, and the products of his brain, he believed, belonged to his fellow man. This is the spirit that characterized his own life, and it is that spirit with which he sought to inspire those whom he loved to look upon as his fellow workers, down to the humblest employee in the company.
>
> When this war broke out, and the call for service came, he was insistent that part of the works should be given over for the making of munitions, and when seeking for some object for which the company might as a whole be responsible, Kingswood Hospital for convalescent soldiers in England, was chosen to be equipped and maintained wholly and absolutely by the company until after the war, the only institution of its kind perhaps in the Empire.

The late Sir Lyman was a native of York County, but he traced his ancestry back to Wales. He was born in 1843, the son of Norman Jones and Theresa Jane Patterson, his wife. His first real employment was as a young man with the firm of A. Harris, Son and Co., Brantford, and while still in his twenties was admitted as a partner. In 1879 he was sent to Winnipeg as Western manager, and later was made general manager. The formation of the Massey-Harris Company in 1891 brought him to Toronto as general manager of the consolidation. He became president as well in 1902, and held that post until his death.

Although wrapped up in the development of the agricultural implement industry, he had time to devote to other pursuits. During his stay in the West he took a prominent part in Manitoba affairs. He entered municipal politics in Winnipeg and was elected to the Council in 1886, becoming chairman of the Finance Committee. He made such a mark in that capacity that the next year he was elected to the Mayoralty chair. In the same year he was vice-president of the Winnipeg Board of Trade. In 1888 he went to the Manitoba Legislature and became Provincial Treasurer in the Greenway Administration, a post he held for just a year. In 1888 he represented the constituency of Shoal Lake, and was reelected in general election in 1888 to represent North Winnipeg, retaining his seat in the Legislature until end of term.

After coming to Toronto he dropped out of active political life. In 1901 he was called to the Senate. Ten years later he was knighted by King George. It was his second honor at the hands of royalty, it having been his privilege to attend by invitation the coronation of King Edward at Westminster Abbey, in 1902.

The most recent honor that fell to the lot of the late Sir Lyman Jones was the action of the French Government in making him a Chevalier of the Legion of Honor, as a recognition of his efforts in advancing the agricultural industry in France, this having been conferred upon him in May, 1914.

While the direction of the wide-spread interests of the Massey-Harris Company left him little time to attend to other enterprises, the late Sir Lyman held positions upon the boards of various financial institutions and commercial companies. He was a director of the Bank of Commerce and the National Trust Co., Ltd., of the Verity Plow Company, of Brantford; of the Blackstone Mutual Fire Insurance Company and Merchants Mutual Fire Insurance Company, of Providence, Rhode Island; president of the Bain Wagon Company, of Woodstock, and of the Johnston Harvester Company, of Batavia, New York.

CURRENT OPINION

RAISING PATRIOTIC REVENUES.

Grain Growers' Guide.

The Saskatchewan legislature at its last session put into effect a measure designed to secure greater equality in personal war sacrifices. In order to assist patriotic funds for war relief purposes, it enacted one year ago the "Patriotic Revenues Act" the main provision of which empowered the Government to levy one mill per dollar on the total value of all the rateable property in the various municipalities. By the latest amendment this rate is raised to one and one-half mills and a poll tax of two dollars on non-property owners is also to be levied. The idea is not to abolish voluntary subscriptions, but to discourage widespread campaigns of that nature and raise the money by taxation. This is a step worthy of emulation by other Governments and particularly the federal. Many individuals at the present time are making little or no sacrifice and are furnishing the excuse that the money for patriotic purposes should be raised by taxation. Such is an excellent plea, but it is not always employed unselfishly. It may not be possible to equalize sacrifice in war-time. but some greater attempt to that end should be made than is now being done. Manitoba adopted this policy a year ago.

ONTARIO POWER SCANDAL.

The Financier, London.

THE FINANCIAL POST OF CANADA, just to hand by an overdue mail, reproduces a leading article from The Financier on the Ontario Power Scandal, and welcomes the assurance that, on this side, as well as in Ontario, the Socialistic policy of the Government now controlling the Province is very seriously regarded by investors. From private sources also we learn that the article has given great satisfaction as a fair and just analysis of the deplorable situation created by the Hydro-Electric Commission.

CANNOT AFFORD FAILURE.

Wall Street Journal.

It is imperative that the first war loan of the United States shall be a success from the moment it is issued. We cannot afford failure. When we enter the war for democracy as the richest nation in the world, we cannot afford to be laughed at for our inability to handle our mobile wealth in war. It is not the bankers, but the people that absorb Government issues. The bankers are merely the distributing middlemen.

With the serious consequences of a failure in view, Congress should see to it that no restriction is placed upon Secretary McAdoo as to the rate of interest. Congress is in no position to say that there is any such terrific sum as $5,000,000,000 waiting for prompt investment at 3½ per cent., and only requiring to be withdrawn from the savings banks and other depositories. Hundreds of thousands of depositors may never hear of the loan at all, or hear of it too late.

We are giving Mr. McAdoo full discretion in all details of the loan, other than interest. But it is that detail which is more important than all the others, and that the loan shall be attractive is essential to any success. That success will go a long way to hearten the democracies of the world, but nothing could encourage Germany, or discourage our allies, more than to have our first war loan lamentably undersubscribed. There must be a premium from the start.

Congress sometimes forgets that while Government can commandeer inheritances, incomes, business and property, as well as the lives and services of the citizens, it cannot commandeer public subscription. It can only invite such subscription, and, therefore, the form and terms of the invitation are of the most far reaching importance. A poor reception of the loan might have the gravest consequences in promoting home disorder by showing weakness to the enemy within, as well as to the enemy without.

We cannot afford failure.

WHY DO THE ABERDEENS TARRY?

The Times, Hamilton, Ont.

The FINANCIAL POST asks if it is not possible to intern or expel the Marquis and Countess of Aberdeen from the United States. It charges the Governor-General with being the principal speaker at a dinner of the League to Enforce Peace, which it hints is more or less of a pro-German organization. It would like the American people to know that the Aberdeens have no official standing. We do not in any way endorse these statements of the POST, but we wonder why they tarry so long in the States.

WALTER J. FELTON, manager of the Dominion Radiator Company has been elected head of the Board of the Social Welfare Association of Winnipeg for 1917.

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—a Canadian interned at Ruhleben, the famous German internment camp—was permitted to be transferred to Switzerland. From this country he writes his story of Ruhleben Camp—a live, human story of intensest interest. Read it in

MACLEAN'S Magazine for May

Always MacLean's Magazine contains articles of a class you'll find in no American magazine—articles *Canadian* in theme and staging. MacLean's goes in for articles, biographies and stories that make Canada and Canadians better known and better loved by its own people. This is its big and worth-while mission, and this is why it should possess *your* favor to a pre-eminent degree.

In the May issue of MacLean's, in addition to the remarkable article announced above, are the following notable features:

Successful Canadians Living in New York

This article is one of a series dealing with Canadian-born men who have won fame or fortune or both in New York City—and there are many such. Mighty good reading of an intensely interesting and unusual sort.

German Plotting Against Canada in the U.S.A.

By Agnes C. Laut

Miss Laut has a knowledge of German plots and intrigues at once amazing and accurate, and her revelations are positively startling. She writes fearlessly and with her accustomed vigor.

Sunshine in Mariposa

By Stephen Leacock

This is a comedy by Canada's master humorist. Extremely amusing and clever is this play. Leacock grows better all the time.

Short Stories

By Arthur Beverly Baxter, Hopkins Moorehouse and Mary Gaunt

These stories are Canadian in their background and are good. MacLean's is doing a very meritorious work in developing and introducing new Canadian writers and writers on Canada.

Two Good Serials

By Sir Gilbert Parker and James B. Hendryx

Parker's story is entitled, "Jordan is a Hard Road," and Hendryx's, "The Gun Brand." They are rousing stories told by masters of the craft of writing and story-telling.

BESIDES, there is the likable Review of Reviews Department, in which the best things appearing in the current periodicals of the world are condensed for busy readers. So MacLean's becomes a most appealing and satisfying magazine. t is unlike every other magazine, and no other magazine serves Canadians so well.

At All News Stands—15c.

NEWS OF THE BOND MARKET

BOND MARKET AFFECTED BY U.S. FINANCING

Bond Dealers Watching Developments Across the Line With Interest.

WILL BIG ISSUE BE MADE?

Some Doubt Expressed as to Whether American Government Will Attempt to Float Whole Authorization at Once.

The Canadian bond market is so influenced by the United States market that conditions affecting the latter have an inevitable effect on the former. Just now prospective American war financing is the great determining factor on both sides of the line and Canadian bond dealers are anxiously waiting to see what will develope. For the present the outlet to the United States is shut off and how long it will continue closed to Canadian offerings is an important question. There has lately developed a more favorable sentiment based on the belief that the American Government will move cautiously in its financing and will not disrupt business entirely by attempting to float too large an issue at first. But at the same time it is obvious that no matter how big the issue there will be little opportunity for Canadian provinces and cities to do much in the American market until it is cleared away.

The U. S. Bond Bill.

The House of Representatives last Friday passed the bill authorizing the raising of a loan of seven billion dollars by a vote of 389 to 0, and on Tuesday last the Senate gave its sanction to the measure by a vote of 83 to 0. The loan will consist of $5,000,000,000 in bonds and $2,000,000,000 in treasury certificates. An amendment introduced on Monday and inserted in the bill gave the duration of the war as the time limit within which the authorized bond issues might be converted to higher rates of interest, if subsequent issues carried a higher rate. The bill had limited this conversion to Dec. 31, 1918.

Will it be Issued at Once?

Commenting on the situation in the United States, the Bond Buyer questions whether the Government will go to the extent of actually making a $5,000,000,000 war loan in the near future. The bond issue bill authorizes 5 billions in bonds and 2 billions in one-year notes, but does this mean that all this debt will be incurred at once? "So far," says the Bond Buyer, "we have seen no actual estimate as to how all this money is to be expended, nor have we been given any good reason to suppose that 3 billion dollars of it is to be credited to the Allies at once. Congress, it should be remembered, is simply giving the President and his associates blanket authority to meet the unknown emergencies of our entry into a great war. But the exercise of the borrowing power thus conferred depends upon actual needs, not upon estimates of what the United States might spend if the war continues indefinitely, and this country takes a hand in the actual fighting, etc.

Taxation Increase.

In the opinion of the same authority, there will be an enormous increase in taxation in the United States. "Nothing seems more certain," it states, "as an outcome of our entry into the war, than the early and severe increase in the rates of the Federal income tax."

Answering the question, "Can Congress tax the income from state and municipal securities, and will it be attempted?" the Bond Buyer quotes several prominent legal opinions to the effect that, under the terms of many Federal decisions, Congress is without this power.

Meanwhile the yield basis of American municipals has experienced a decided slump. Albany was unsuccessful in selling 4 per cent. bonds recently. In January, bonds of cities in this class were selling on a 5¾ per cent. basis and were in good demand at that figure. New York City issues then yielded just under 4 per cent. To-day, Albany's 4's are not wanted and New York City's are weak on a 4.15 per cent. basis.

Features of the Week

It is still a waiting market, almost absolutely dependent on the outcome of war financing in the United States. There is possibly a trifle more activity locally. The market can never become entirely dead. A certain steady demand for the regulation municipal always exists, though at times it dwindles to small proportions and just now this demand is keeping business alive In addition there is always enquiry for higher-yielding bonds and those firms which specialize in these lines have no serious complaint to make of lack of demand.

The latest war loan has been disappointingly weak and bonds of this issue are at present obtainable at 95⅝ or even a little better. Various reasons have contributed to this result. Possibly the most powerful and the one that explains the situation most easily is the absence of demand from the United States. The American market in the past could be relied upon to absorb any floating supply and in consequence in the case of both the first and second loans the price advanced after the date of issue. This time Canada has not only had to buy the bulk of the bonds, but she has had to take care of the almost inevitable floating supply.. That she has been able to do this pretty effectively is evidenced by the fact that the break in the price of the bonds has not proceeded much farther than the three-eighths of the brokers' commission.

A few rather important sales of municipals were made this week. Bidding was fairly active, but prices are markedly lower than they were last fall or early in the present year.

PROJECT DROPPED.

C.P.R. Will Not Proceed at Present With Bond Issue.

Undoubted significance attaches to the reported cancellation of the Canadian Pacific Railway Company's plan to issue bonds in the United States on the security of its stocks and bonds held in Great Britain. The reason given by J. P. Morgan & Co. for this action was that they wished to keep the investment market clear for the forthcoming United States Government bonds. This is a plausible reason, but bond dealers are asking whether it is not more likely that necessity for the scheme has ceased with the entry of the United States into the war.

Arrangements had been made to offer the railway's twenty-thirty-year five per cent. bonds at 97, at which price a popular success for the big issue seemed assured, when the question of the possible injury to the Government financing was raised. Even though the operation was being arranged for the British Government, and not for private interests, it was decided after a conference held this week to drop the matter, according to a New York despatch. It is possible that the sale of the Canadian Pacific bonds will be effected later along the lines now abandoned.

NOVA SCOTIA MUNICIPALS.

About Average Amount of Authorizations is Expected.

Halifax bond dealers are estimating that the municipal borrowing authorized at the present session of the Legislature will be of the average amount. A great deal of it is for patriotic purposes, the municipal councils in many cases taking this means of raising sums they have voted to the Canadian patriotic fund. The city of Halifax is about to enter on a campaign to raise $250,000 for this purpose, but in the city they do not borrow for it, the funds being given almost exclusively by popular subscription. The bond dealers report the market dull at present for municipals. There are two reasons for this:

First, the Government loan took the available funds of this class of the investing public, and second, the market is bare of offerings till the new authorizations make their appearance. There is a lot of money available for investment in Nova Scotia. Prosperity has reigned and much new money has accumulated. Nova Scotia, besides, has large accumulations from the past and the trust funds that are continually seeking investment are very considerable.

ALBERTA SCHOOLS.

Several Issues Awarded to Eastern Bond Houses.

The Debenture Branch of the Department of Education, Edmonton. awarded several school district issues on Tuesday. Birdsview S.D., $1,200, 7 per cent., 10-instalment, went to Wood, Gundy & Co. Fosk S.D., $1,000, 6 per cent., 10-instalment, was sold to H. O'Hara & Co. Lac la Biche S.D., $1,800, 7 per cent., 10-instalment, was placed with the Manufacturers' Life Insurance Co. The balance, amounting to $7,140 in 7 per cent., 10-instalment bonds, went to H. O'Hara & Co.

A. E. Ames & Co. were this week awarded by the town of Smith's Falls an issue of $21,379.18, 5½ per cent., sewer and local improvement bonds, due in twenty and thirty years.

It is reported that only one bid was made for the city of Maisonneuve's $700,000 issue on Wednesday. This was made by Rene T. Leclerc at 91.28. No action was taken. The council will endeavor to ascertain whether the price offered is to be regarded as advantageous.

HAMILTON DEBT TO BE INCREASED BY A MILLION

Total Will Come Within $150,000 of Twelve Million Dollars.

CITY'S POSITION IS GOOD

Nearly One Million Dollars Makes Up Owners' Share of the Local Improvement Debt, Which May be Deducted from Debt.

At its next meeting the Hamilton City Council will be called on to pass by-laws now in the course of preparation, that will increase the city's fixed debt by approximately $1,000,000. These by-laws will not cover any proposed new works, as they will really provide for works already done, or authorized, or expenditures already made. The list follows: Board of Education, $83,000; Board of Education, $62,000; Hydro Department, $180,000; Hamilton Health Association, $50,000; Board of Education, $30,000; British Patriotic Fund, $45,540; soldiers' insurance, $93,410; items covered in Hamilton's private bill, $79,110; Canadian Patriotic Fund, $97,570; military buildings, $33,270; military relief, $2,310; waterworks, $22,860; local improvements, $225,352.32; total, $1,904,372.32.

Figures secured from the city treasurer recently, show that while the city's financial position is still absolutely secure, the debt is rapidly growing. Without the amounts above referred to, the debt stands at $11,961,447, on which the city is paying about 5 per cent. interest, making a heavy fixed charge on the annual taxes. This year $106,537 will be wiped off the debenture debt and $162,000 added to the sinking fund, making a reduction of approximately $260,000 in the debt, or a net increase counting the by-laws now being prepared, of about $800,000. This does not include any capital expenditure that may be made this year, so that it is safe to assume that at the close of the year the debt will be more than a million dollars greater than it was at the beginning.

All of the debt will not have to be paid out of the general taxes, however, nearly one million dollars being property owners' share of local improvement works already done. The city treasurer has the debt classified under the following headings: General, $4,609,612; waterworks, $2,704,176; Board of Education, $1,325,335; Parks, $100,008; Library, $43,000; Hydro Department, $840,000; cemetery, $50,000; property owners' share of local improvements, $987,832; city's share of local improvements, $1,101,484; total, $11,861,447.

Compared with Toronto and other cities, Hamilton's financial showing is very satisfactory. Toronto, for example, will this year, according to a statement issued by City Treasurer Bradshaw, increase its debt by about ten millions of dollars, which makes Hamilton's increase of a million or so look like a flea bite.

THE SAULT SALE.

Issue Offered on Monday Sought by Eight Firms.

On Monday, the city of Sault Ste. Marie sold to Spitzer, Rorick & Co., Toledo, an issue of $63,200, 5½ per cent. debentures, of which $14,100 were due at the end of 30 years, $12,600 at the end of 29½ years, $35,500 at the end of 15 years, and $1,000 at the end of 20 years. The sale price was 95,82, which is a slight premium on a 5⅞ per cent. rate. In all, eight bids were received for the issue, ranging as follows.

	Amount	Rate
Spitzer Rorick & Co., Toledo	$60,564.16	95.82
Brent Noxon & Co., Toronto	59,757.00	94.55
Macneill & Young	59,477.52	94.19
R. C. Matthews & Co.	59,128.00	93.55
Wood Gundy & Co.	58,972.00	93.31
A. E. Ames & Co.	58,868.27	93.14
Mulholland, Bird & Graham	58,839.20	93.10
C. H. Burgess & Co.	58,618.00	92.75

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Government and Municipal Bonds

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NEW WAR LOAN

If you have not obtained as much of the new War Loan as you desire it will be advisable for you to place your order as soon as possible. We shall be glad to fill it at the lowest market price.

R.A.Daly&Co.
BANK OF NOVA SCOTIA BUILDING
TORONTO

YORK TOWNSHIP.

Block of Bonds Sold at a Low Figure.

The township of York, adjoining the city of Toronto, sold an issue of $23,955, 5½ per cent., 10 annual instalment bonds on Monday to the Imperial Bank at 99.57, which is a slight premium on a 5⅛ per cent. rate. The last previous sale of this township's bonds was made on October 2, 1916, when a small block of $4,000, 5½ per cent., 20-instalment bonds sold on a 5.32 per cent. basis Prior to that a sale of 5 per cent., 20 and 10-instalment bonds on May 15 brought a price of 5.29 per cent There were ten bids put in for the issue last Monday:—

	Amount	Rate
Imperial Bank	$23,852.00	99.57
Macneill & Young	23,842.49	99.53
Mulholland, Bird & Graham	23,888.70	99.51
Canada Bond Co.	23,819.01	99.432
R. C. Matthews	23,779.00	99.26
Wood, Gundy & Co.	23,754.00	99.16
W. L. McKinnon	23,751.00	99.14
Brent Noxon & Co.	23,711.00	98.98
A. E. Ames	23,674.80	98.83
C. H. Burgess	23,662.83	98.78

CHATHAM GETS PAR.

A Fair-sized Issue Brings Slightly Better Than 5½ Per Cent.

The Chatham issues, consisting of $26,000, 5½ per cent., 10-instalment patriotic bonds, and $45,000, 5½ per cent., 30-instalment hydro-electric extension bonds, were sold last week to Morgan Dean & Co., Hamilton, at 100.10. A complete list of bids has not been received, but the following are known to have submitted tenders:

Morgan Dean & Co., Hamilton	100.10
Canada Bond Corporation	98.69
A. E. Ames & Co.	98.53
Brent, Noxon & Co.	97.97
C. H. Burgess & Co.	97.83

THE PETERBOROUGH SALE.

Patriotic Bonds Are Placed on About a 5.45 Per Cent. Basis.

Ten offers were received by the city of Peterborough for its issue of $60,000, 5 per cent., 1936 patriotic debentures, for which bids were invited last Monday. The successful tenderer was the Canadian Bank of Commerce, which offered 94.70. The sale was accordingly made on about a 5.45 per cent. basis. At the last public sale of Peterborough bonds on August 29, 1916, $196,704 of 5 and 6 per cent., 10 and 30-year bonds, were placed at 97.18, or on a basis of 5.34 per cent. The 5.45 per cent. rate need not be considered as giving the precise market value of Peterborough's at present, as the purchase was virtually made by a private investor, the bonds going to the Pension Fund of the bank. Following were the tenders received:—

	Rate	Amount
Bank of Commerce	94.70	$56,820.00
Imperial Bank	94.28	56,568.00
R. C. Matthews & Co.	94.24	56,544.00
Wood, Gundy & Co.	93.57	56,142.00
A. E. Ames & Co.	93.071	55,842.00
Brent, Noxon & Co.	92.695	55,617.00
Dom. Securities Corp.	92.69	55,614.00
Mulholland, Bird & Graham	92.69	55,614.00
Macneill & Young	92.61	55,566.00
C. H. Burgess & Co.	92.21	55,326.00

The Toronto Harbor Commission recently sold another block of their 1943, 4½'s, amounting to $1.500,000. It is understood that the bonds were taken up by a New York syndicate, but the POST has been unable to secure particulars.

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Real Estate is the basis of the Nation's Wealth. It produces that which both man and beast must have to sustain life. With our rapidly increasing population comes the demand for a corresponding increase in the products of the soil, and this demand will never be less than now. Land cannot be destroyed, and with proper care its producing power may be maintaned intact. Land values, therefore, possess that element of permanency that reduces the speculative feature to the minimum.
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Canada Permanent Mortgage Corporation
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Paid-up Capital and Reserve Fund ELEVEN MILLION DOLLARS
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FIELD OF MUNICIPAL FINANCE

CRITICIZES REPORTS IN CIVIC AFFAIRS

Dr. Brittain, Director of Toronto's Bureau of Municipal Research, Makes Some Comments.

ANNUAL MEETING OF BUREAU

Advocates That All Employees of the City Should be Paid Directly on a Salary Basis.

Toronto's Bureau of Municipal Research held its annual meeting this week, at which the feature was the annual report of Dr. H. L. Brittain, the director, who had some very pointed things to say about civic administration.

The chief fault he finds is in the preparation of annual reports. Those now given, he said, are so obscure that the ordinary taxpayer is helpless when he attempts to comprehend them; therefore, he wants more progress made along this line.

To accelerate the conduct of the city's business, the bureau will give increased attention to efficiency devices in municipal rule.

Administrative Board Needed.

The administrative board idea is given much prominence in the report. The director hopes to work out this plan, which will organize a civic administration, made up entirely of department heads.

The report deals with the waterworks department, and wants it put on a paying basis. At present it is operated at a loss. In the last ten years the loss has totalled $274,354. The total expenditure in that period was $10,175,438, and the income $9,901,083.

The bureau notes the progress in school administration and also in the fire department, commending the latter for its fire preventions bureau and the further motorizing of the equipment. The report also praises the street commissioner, for wiping out the deficit of the civic abattoir. The amalgamation of the school nurses with the civic health department is commended in the report. Baby-saving in the summer months is advised by the bureau, as a very important crusade for life conservation.

The bureau wants the Board of Education to make the schools the centres of all social and educational advancement. The report also suggests the formation of an advisory council, for the formulation of educational policies.

The bureau expended last year $13,519 out of the $18,544 granted it. This year it is asking for $24,830.

Managing Director's Address.

Addressing the meeting, Dr. Brittain stated that there was no doubt the most far-reaching step taken in the past year was the practical recognition of the commissioner of finance and city treasurer as the budget commissioner of the city. The movement taken two years ago in making the city treasurer responsible for the estimates of revenue, was the first important step in budget reform; the appointment of a finance commissioner who should have the control of the financing of the capital requirements of the city, the second step, and making the commissioner chief adviser on current expenditures, the third step. An important achievement of the year was the elimination of the city abattoir deficit, while another was the adoption by the Board of Education of the report of the city auditor on the board's accounting.

He referred to the heavy obligations accepted by the city since the inception of the war, and thought it would be a wise policy to pay off those obligations within a short time after the declaration of peace. He foresaw a period of stress for Toronto after the war, due to these burdens, and other causes, and advised that the citizens should strain their powers of production to the utmost, and to conserve resources through curtailed expenditure. It was also desirable that Toronto should lead the Dominion in outlining and pursuing a policy of constructive thrift. As a source of additional revenue to the city, he was of the opinion that the cost of special services should be paid by those benefited, and not be placed as a burden on the general public. He instanced that if large public improvements were carried out in certain districts, increased real estate values should bear a large portion of the cost.

Salary Basis.

Dr. Brittain advocated that all employees of the city should be paid directly on a salary basis. Adequate salary should be paid for good work, and, where responsibility is increased the rate of pay should be increased. Three ways in which he would cut down the tax rate would be to reduce expenditures for things that could be done without, and not increase the cost later; increase revenue from special services, or new services, and discover more economical methods of operating existing services. A dishonestly low tax rate exercised a narcotic power, so that the taxpayer was not inclined to question expenditures which might be wasteful, while a high tax rate threw the taxpayer into a panic, so that estimates were chopped with an axe, instead of being carefully pruned. In a year like the present, the citizens could afford to put up with a high tax rate and pay the shot out of their pockets now.

One of the most needed things in the future was some plan of unified control of city administration, said Dr. Brittain, and he believed that the governing board should be made up of all the heads of the departments, and presided over by the Mayor. Such a board might well be responsible for the inception of a real city-planning policy for Toronto.

He suggested that the schools be utilized for Canadianizing and socializing the foreign element, the working out of a plan of training in citizenship, and the co-ordination of educational work with the special commercial and industrial resources of the community.

A FORECAST.

Demand for Municipal Securities Should be Improved.

A municipal bond specialist in Chicago makes the following comment: "If the Government, by its action next week, becomes a heavy borrower through the issuing of bonds, many investors swayed by their patriotism will purchase Government bonds. But this same action of the Government will make almost certain the increase in Federal income taxes and, as municipal bonds are tax exempt not only under the present law but also by Supreme Court decision, and net a higher rate of interest, the demand for municipals with the possible exception of the so-called high-grade, low rate issues will rather increase than diminish. Continued demand from the banks for municipal bonds to deposit with the United States Treasurer to secure postal savings, together with their higher yield and their exemption from the income tax, will operate to stabilize the demand which already exists even though large Government issues are put on the market."

Money By-laws

Those investors who wish to keep in touch with the municipal bond market will find this department useful. It aims to be accurate and convenient. THE FINANCIAL POST makes a specialty of municipal bond news. Municipalities will find it to their advantage to send in direct news of contemplated bond issues.

TENDERS WANTED

April 25, Local Government Bonds, Regina.—Haverhill S.D., $1,600; Elardee S.D., $1,600; Cold Creek S.D., $1,800; Trafford Park S.D., $1,600; Deer Horn S.D., $1,600; Oak Plain S.D., $1,600. All are 7 per cent., 10 instalments.

April 26, Sandwich.—$28,594.65, 6 per cent., 15-instalment, local improvement bonds and $15,000, 6 per cent. 10-instalment bonds.

May 3, Kitchener.—$66,698.23, 5½ per cent. bonds of the City of Kitchener, of which $8,085.75 mature in 3 years; $17,499.08 in 5 years; $32,882.31 in 10 years; $4,681.49 in 15 years; $4,243.06 in 20 years; $1,306.54 in 30 years and $4,000 in 10 years. All are for local improvements except the last, which is for schools.

BY-LAWS PASSED.

New Toronto—$50,000 for the improvement of the water system. Passed by council, April 16.

Carleton County—$20,000 for good roads work in the county. Passed by council, April 10.

Sherbrooke, P.Q.—$375,000 for the purchase of the Two Miles Falls Power Plant on the St. Francis River. Passed by the ratepayers.

Simcoe, Ont.—$20,000 for school buildings. Passed by council, April 2.

BY-LAWS TO BE VOTED ON

Sudbury—$2,500 for alterations to lake sewer pumping station and $46,000 for purpose of erecting a stand-pipe and laying an auxiliary main. Both by-laws will be voted on, April 30.

Aylmer, Ont.—$22,000 for remodelling electrical distribution system to distribute electrical power to be supplied by the Hydro-Electric Power Commission and $7,000 for installation of electric driven pumps for domestic purposes and a gasoline pump for fire purposes. Vote to be taken, April 30.

April 30, Sudbury.—$46,000 for stand pipe and auxiliary main; $2,500 for alterations to lake sewer pumping station. W. J. Ross, town clerk, Sudbury, Ont.

North Bay.—$15,000 guarantee of the bonds of the J. P. Quinlan Manufacturing Co. Vote to be taken May 7.

Kincardine—$20,000 to assist J. B. Watson to establish a furniture factory. Vote to be taken, May 15.

BRITISH COLUMBIA

The Municipal Department of the province of British Columbia has issued a certificate to the municipality of Summerland, sanctioning by-law No. 84, authorizing the issue of $3,000, 8 per cent., six-instalment, electric light debentures.

SASKATCHEWAN

The following is a list of authorizations granted by the local Government Board from April 2nd to April 5th.

School Districts.—Forest Hall, $1,675; Wild Flower, $1,600; Anzac, $1,600; *Elardee, $1,600; Jasmin, $1,200; Wheatley, $1,200; *Coal Creek, $1,800; Carmen Silva, $1,600; Marshall, $1,000; Haverhill, $1,600.

*Being sold by the Local Government Board.

Rural Telephone Companies.—Oronoco $18,000; Aneroid North, $8,400; Zorra McNutt, $3,000; Twin Valley, $17,000; East End, $6,000; Barra, $400; *Eston, $4,000; *Hessledale, $1,600.

*Being sold by the Local Government Board.

Rural Telephone Companies.—Tableland, $7,300; Rosetown Northern, $4,200; Prelate Eastern, $3,700; Edenland, $9,200; Cypress, $105,000; Pleasant Hills, $8,000.

Village—Foam Lake, $2,500.

BOND SALES.

$20,500 Canada Cement at 97½ to 97; $5,000 Can. Consol. Rubber at 95; $1,500 Can. Felt at 95; $1,000 Cedar Rapids at 90; $700 Montreal Trams. debs. at 75; $1,000 N. S. Steel at 87; $7,100 Price Bros. at 83; $800 Lyalls Cons. at 84; $1,200 Sherwin-Williams at 99½ to 98½; $1,000 Steel of Canada at 99; $4,000 Wayagamack at 86; $80,500 First War Loan at 97¼ to 96¾; $26,200 Second War Loan at 96¼ to 95⅞; $355,400 Third War Loan at 96 to 95⅝.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date.	Place.	Purchaser.	Rate	Term	Amount	Price	Bonus
April	5—Tompkins S.D., Sask.	W. L. McKinnon & Co., Regina	6%	15-ins.	$ 5,500	....	.....
“	5—Hughesvale S.D., Sask.	W. L. McKinnon & Co., Regina	8%	10-ins.	1,600	....	.....
“	5—Wyle S.D., Sask.	Goldman & Co., Regina	...	.....	1,600	....	.....
“	5—St. Eloi S.D., Sask.	Goldman & Co., Regina	...	.....	1,700	....	.....
“	5—Crossfell S.D., Sask.	Nay & James, Regina	...	.....	1,600	....	.....
“	5—London S.D., Sask.	Wood, Gundy & Co., Saskatoon	...	.....	1,700	....	.....
“	5—Anglia S.D., Sask.	Goldman & Co., Regina	...	.....	2,000	....	.....
“	5—Learig S.D., Sask.	Goldman & Co., Regina	...	.....	1,700	....	.....
“	5—Wergeland S.D., Sask.	Goldman & Co., Regina	...	.....	1,900	....	.....
“	5—Pelletier Hill S.D., Sask.	Goldman & Co., Regina	...	.....	1,700	....	.....
“	5—Mount Carmel S.D., Sask.	Goldman & Co., Regina	...	.....	500	....	.....
“	5—Free Son S.D., Sask.	W. L. McKinnon & Co., Regina	...	.....	4,500	....	.....
“	5—Belfast R.T. Co., Sask.	Nay & James, Regina	7%	15-ins.	5,600	....	.....
“	5—Woodside R.T. Co., Sask.	H. O'Hara & Co., Regina	7%	15-ins.	9,500	....	.....
“	5—Cut Knife R.T. Co., Sask.	Geo. Foley & Sons, Saskatoon	7%	15-ins.	22,000	....	.....
“	5—Pamburn R.T. Co., Sask.	W. L. McKinnon & Co., Regina	7%	15-ins	21,500	....	.....
“	5—Imperial, Village, Sask.	Jos. Hanson, Imperial	...	.....	500	....	.....
“	10—Chatham, Ont., Hydro-Electric	Morgan, Dean & Co., Hamilton	5¼%	30-ins.	45,000	100.10	5.49%
“	10—Chatham, Ont., Patriotic Fund	Morgan, Dean & Co., Hamilton	5½%	10-ins.	26,000	100.10	5.49%
“	13—Bakerville S.D., Sask.	Kerr, Flemming & Co., Regina	...	.....	1,700	....	.....
“	13—Rock Plains S.D., Sask.	W. L. McKinnon & Co., Regina	7%	10ins-	1,600	....	.....
“	13—Hewson R.T. Co., Sask.	Wells-Dickey & Co., Regina	7%	15-ins.	12,000	....	.....
“	13—Eddy R.T. Co., Sask.	W. L. McKinnon & Co., Regina	8%	15-ins.	450	....	.....
“	14—Ethelbert S.D., Man.	J. A. Thompson, Winnipeg	6%	20-ins.	12,000	....	.....
“	16—Sault Ste. Marie, public schools	Spitzer, Rorick & Co., Toledo	5¼%	30-yr.	12,600	....	.....
	sewers	Spitzer, Rorick & Co., Toledo	5½%	30-yr.	13,000	95.82	5.86%
	pavement	Spitzer, Rorick & Co., Toledo	5½%	15-yr.	35,000	95.82	5.86%
	sidewalks	Spitzer, Rorick & Co., Toledo	5½%	20-yr.	1,000	95.82	5.86%
	sewers	Spitzer, Rorick & Co., Toledo	5½%	30-yr.	1,100	95.82	5.86%
“	16—Peterboro, patriotic	Canadian Bank of Commerce	5%	20-yr.	60,000	94.70	5.45%
“	16—York Township, local improvements	Imperial Bank of Canada	5½%	10-ins.	23,955	99.57	5.62%
“	17—Birdsview S.D., Alta.	Wood, Gundy & Co., Toronto	7%	10-ins.	1,200	....	.....
“	17—Fosk S.D., Alta.	H. O'Hara & Co., Toronto	6%	10-ins.	1,000	....	.....
“	17—Lac la Biche S.D., Alta.	Manufacturers' Life Assurance Co.	7%	10-ins.	1,800	....	.....
“	17—Bouvier S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	350	....	.....
“	17—Sutherland S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	390	....	.....
“	17—Scollard S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	1,000	....	.....
“	17—Kleskim Hill S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	1,200	....	.....
“	17—Kleskim Hill S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	1,200	....	.....
“	17—Harvest Vale S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	1,400	....	.....
“	17—Northland S.D., Alta.	H. O'Hara & Co., Toronto	7%	10-ins.	1,600	....	.....
“	18—Smith's Falls, Ont., sewers and locals	A. E. Ames & Co., Toronto	5½%	20-30 yr.	21,879	....	.....

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SUN LIFE ASSURANCE
COMPANY OF CANADA
HEAD OFFICE—MONTREAL

Municipal Bond Sales for 1916

COMPILED, REVISED AND TABULATED FROM OFFICIAL REPORTS

¶ A list of original purchasers, price and income basis of the Municipal Bonds sold in 1916, showing purpose, amount, interest rate and maturity of each issue. The names of the borrowing States, Counties, Cities, etc., are arranged alphabetically by States.

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INVESTORS' INSURANCE NOTES

FULL WAR RISK COVER BILL TO PASS IN N.Y.

The Towner Bill Gives Insurance Companies Wide Powers.

BOMBARDMENT INSURANCE

Bombardment and War Risk Business Being Sought by Companies, Which Are Receiving Many Inquiries.

Senator Towner's bill to authorize complete cover for the war risk is an Insurance Department measure and has no opposition. It is expected to go through in a few days. There are many inquiries being received by insurance companies as to bombardment and war risk insurance. Announcements are being published daily by companies seeking this business which is generally believed to be like finding money. Atlantic City, N. J., has somewhat of a scare and lines from there are being offered already. Probably if it really were bombarded for a few minutes there would be a sweeping fire resulting. Probably few firemen would care to be around in case of a bombardment. In fact, any of those who stood shelling would probably be considered nuts by their associates.

Text of Bill.

The full text of the Towner Bill is as follows:—

An Act to amend the insurance law, in relation to the powers of fire insurance corporations.

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 110 of chapter 33 of the laws of 1909, entitled "An Act in relation to insurance corporations, constituting chapter 28 of the consolidated laws," as amended by chapter 168 of the laws of 1910, chapter 126 of the laws of 1911, chapter 296 of the laws of 1913, and chapter — of the laws of 1917, is hereby amended to read as follows:

110. Incorporation. Thirteen or more persons may become a corporation for the purposes of making insurances on dwelling houses, stores, and all kinds of buildings and household furniture, and other property against loss or damage, including loss of use or occupancy, by fire, lightning, windstorm, tornado, cyclone, earthquake, hail, frost, or snow, bombardment, invasion, insurrection, riot, civil war, or commotion, military or usurped power, and by explosion whether fire ensues or not, except explosion on risks specified in sub-division 7 of section 70 of this chapter, and also against loss or damage by water to any goods or premises arising from the breakages or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, and of water pipes, and against accidental injury to such sprinklers, pumps or apparatus, and upon vessels, boats, cargoes, goods, merchandise, freights and other property against loss or damage by all or any of the risks of lake, river, canal and inland navigation and transportation, as well as by any or all of the risks specified in section 150 of this chapter, including insurances upon automobiles, whether stationary or being operated under their own power, which shall indicate all or any hazards of fire explosion, transportation, collision, loss by legal liability for damage to property resulting from the maintenance and use of automobiles, and loss by burglary or theft, or both, but shall not include insurance against loss by reason of bodily injury to the person, and to effect reinsurances of any risks taken by it, by filing in the office of the Superintendent of Insurance a declaration signed by all of them of their intention to form a corporation for the purpose of transacting the business of making any or all of such insurances, which shall comprise a copy of the charter proposed to be adopted by them, setting forth the name of the corporation, the place of location of its office, the mode in which its corporate powers are to be exercised and its directors elected, a majority of whom shall be citizens of this State, and if a stock corporation, the owner in his own right of at least $500 of the stock of the corporation at its par value, the mode of filling vacancies in the office of director, the period for the commencement and termination of its fiscal year and the amount of capital to be employed in the transaction of its business; provided that a corporation including in its charter a provision to assume any of the risks of ocean marine insurance as specified in section 150 of this chapter must have a capital, paid in in cash, of at least $400,000.

Regulations.

No such declaration shall be filed, unless the persons signing the same shall have previously published for at least two weeks successively a notice of their intention to form such a corporation in a public newspaper in the county where its office is to be located.

Every such corporation shall be known as a fire insurance corporation. No such corporation shall directly or indirectly deal or trade in buying or selling any goods, wares, merchandise or other commodities whatever, except such articles as may be insured by it and are claimed to be damaged by any cause so insured against.

Any such corporation which, by its charter, is authorized to make insurances against loss or damage by explosion, as defined in this sectiou, may make insurances against loss or damage to property caused by bobbardment, invasion, insurrection, riot, civil war or commotion, or military or usurped power.

2. This Act shall take effect immediately.

WAR RATES.

American Companies Will Charge Extra Premiums.

The Mutual Life Insurance Company announced last week that all new policies written from now on would contain a war clause providing for the payment of an additional premium of 10 per cent. during the period the insured engages in military or naval service outside of the United States. This clause is substantially the same as that adopted by the Equitable Life Assurance Society, excepting that it is applicable to two years from the date of the policy, while in the case of the Equitable the specified term is five years. The Prudential Insurance Company also established an extra 10 per cent. premium covering military service outside of the United States, and at the same time lowered the limit of policies for officers in the army and navy and for members of the National Guard from $5,000 to $2,000.

The fact that extra premiums are to be charged only to those serving outside of the United States will permit men doing home guard duty and otherwise serving the country to obtain new insurance at normal rates.

An interesting feature of the Mutual company's plan is a promise to return part of the extra premium paid in the event that experience shows the extra war hazard to be fully covered by less than 10 per cent. At the time of the Spanish-American war, the Mutual and several other companies which charged an extra premium of 10 per cent., found at the conclusion of the war that the losses sustained were covered by 1 2/3 per cent. of the extra premium collected and consequently a refund of 8 1/3 was made.

Insurance men said that it was difficult to figure the mortality risk of the present war, and they pointed out that the Canadian companies which had guessed at 10 per cent. recently discovered that it amounted to 15 per cent.

The New York Life Insurance Company has not announced its plans, but it is understood that the terms will be substantially the same as the Equitable and Mutual, excepting that in case where the insured states that he does not expect to enter military service, the war clause will not be inserted. Some time ago the New York Life discontinued insuring members of the National Guard and Red Cross without the war clause.

WAR DEATH CLAIMS.

Statistics for 1916 Issued by Insurance Department.

War death claims protected by Canadian insurance companies up to the end of last year have been as follows, according to returns to the insurance department:

1914 — By Dominion companies, $17,505; by Provincial companies and societies, $2,000. 1915 — Dominion, $1,939,735; Provincial, $83,853. 1916 — Dominion, $4,560,938; Provincial, $265,516.

SUCCESSION DUTIES.

British Columbia Aims to Secure Much Greater Revenue.

Through the medium of a bill introduced at the present session of the Legislature in Victoria, the provincial authorities plan to increase the revenue from succession duties from $200,000 to $400,000. According to the new arrangement, the increase will be provided in the following manner:—

Under the existing Act on an estate which goes to a father, mother, husband, wife, child, daughter-in-law or son-in-law of the deceased, the duty collected on amounts of from $25,000 to $100,000 is 1½ per cent. The new Act provides for an additional tax of 1 per cent. on estates of from $50,000 to $100,000. On estates of $100,000 to $200,000 the existing tax is 1½ per cent. for the first $100,000 and 2½ per cent. for the next $100,000. The new bill imposes an additional tax of 1½ per cent. on all estates ranging between $100,000 and $200,000. On all estates above $200,000, the present tax is 5 per cent. This is increased by the following additional taxes: On amounts between $200,000 and $300,000, 2 per cent.; $300,000 to $400,000, 2½ per cent.; $400,000 to $500,000, 3 per cent.; $500,000 to $600,000, 4 per cent.; $600,000 and up, 5 per cent.

On estates going to grandfather, grandmother, or lineal ancestor, except father or mother, or to any brother or sister, or to the descendants of such brother or sister, or to brother or sister of the father or mother of the deceased, the present tax is 5 per cent. on all sums over $5,000. Such estates are now placed on a graduated scale by the new bill brought down to-day and to this graduated scale is added a supertax. The graduated scale under the new bill provides for the following rates of taxation: Estates of $5,000 to $25,000, 5 per cent.; $25,000 to $50,000, 7½ per cent.; $50,000 to $100,000, 10 per cent.; $100,000 and upward, 12½ per cent. To these taxes are added the following supertaxes: On estates of $25,000 to $50,000, one half of 1 per cent.; $50,000 to $100,000, 1 per cent.; $100,000 to $150,000, 1½ per cent.; $150,000 to $200,000, 2 per cent.; $200,000 to $250,000, 2½ per cent.; $250,000 to $300,000, 3 per cent.; $300,000 to $350,000, 3½ per cent.; $350,000 to $400,000, 4 per cent.; $400,000 to $450,000, 4½ per cent.; $450,000 and upward, 5 per cent.

Heavily increased rates are also provided for estates which are left to "any other degree of consanguinity" or "for the use of any stranger in blood." The rate under the present Act is 10 per cent. on all amounts over $5,000. Under the new Act the rate will be: On estates of $5,000 to $10,000, 10 per cent.; $10,000 to $25,000, 12½ per cent.; $25,000 to $50,000, 15 per cent.; $500,000 and upward, 20 per cent.

NEW ELECTRIC SYSTEM.

Proportional Representation May be Allowed in B. C.

The municipal committee of the British Columbia Legislature has decided to recommend that provisions to enable cities to employ the proportional representation method of electing mayors and councils should be covered by a separate bill which would apply both to Vancouver and to the cities working under the general Municipal Act.

The proposed bill will give cities power to take a local plebiscite on the question as to whether or not proportional representation should be adopted.

If the recommendation which the committee will make to the House is approved, women will be permitted to occupy the same status as men in respect to the right to voting and sitting on municipal council boards. Before the committee there appeared a deputation of Victoria women who urged that the necessary change in the Municipal Act be made to permit of their request being granted. They pointed out that in urban municipalities there was little difference between women and men in respect to voting except that the women could not vote on road taxes as they could not be charged with such, but they could vote when householders as was proposed under the amendment to the Act already considered by the committe, but, they could not sit on municipal councils. The ladies stated they were willing to render themselves liable to the road tax as long as they were given the right to vote at municipal elections even if they were not property owners.

The request of the women was unanimously approved by the committee and the necessary change in the Municipal Act will be recommended to the end that there shall be no distinction between males and females.

A GOOD BALANCE.

Winnipeg's credit balance at the end of April—the close of the fiscal year—will be in the neighborhood of $150,000. A summary of 1916-1917 appropriations and expenditures as at March 31, 1917, shows a controllable balance in hand of $119,395.44. This, together with the uncontrollable balance, deducting debits from credits, however, amounts to $345,386.20. Taking last year's April expenditures as a guide, $86,365, and various estimated expenditures at $40,000, in addition to the payment of fixed charges the sum of $67,800 would remain, to which may be added miscellaneous revenue, $90,000, or a total of $157,800.

If civic salary increases are made retro-active to April 1, in accordance with the recommendation to council, this will reduce the balance by about $7,000.

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REAL ESTATE AND MORTGAGES

POPULATION OF TORONTO IS ON THE INCREASE

A Probable Increase of 10,000 Will be Shown by the Assessors.

VACANT HOUSES ARE SCARCE

Rents Have Been Advanced to Levels Prevailing Before the War and Landlords Have Become Independent.

The population of Toronto this year will probably show an increase of 10,000. Last year there was a decrease of 3,179, and 4,424 vacant dwelling houses were reported by the city assessors, but the city has been fast filling up this year and there is every indication that there will be increases in both the population and the assessment. Reports from the assessors indicate that vacant houses are scarce. This scarcity is due to general prosperity and the fact that fewer families double up and to the rush of people from outside places to the city. Many of these are from the other side of the line. The result has been considerable activity in the transfer of smaller houses and the many applications of builders for permits for such buildings.

Rents Are Up.

Rents have been increased more than they were before the war by landlords keen to take advantage of the situation. These high rents have resulted in many sales. A short time after the war broke out rents took a sudden slump, vacant houses were numerous and landlords were anxious to retain their tenants. The independence is now all on the part of the landlords, but the tenants think that their day of reckoning is not far away when landlords will be just as anxious to lower the rents as they are now to raise them.

Case of Demand.

The prospective high tax rate, it is apparent, has nothing to do with the increase. The rents were going up long before the tax rate started its climb to the dizzy pinnacle of twenty-five and a half mills. It is just a case of supply and demand. Property holders, however, are not inclined to view the situation as so very rosy.

"The houses can empty just as fast as they fill up," said a large owner this week. "People are not doubling up the way they used to do and a large number have drifted here from the country towns and rural parts to take the places of those who have left. They have been attracted largely by munitions works and the general increase in wages and salaries."

Better Wages Paid.

The assessment will also show a substantial increase this year in the income assessments. Not only are these more numerous, but the average rate of pay is higher. On the whole the times are good and it is just a question how long they will last. Some are inclined to think that the declaration of peace will see a sudden slump in values of all kinds, with many properties thrown on the market. But who can tell what the future will bring forth?

WESTERN FARM LANDS.

Some Inquiry Evident in the Saskatoon District.

Recent inquiry among real estate dealers in Saskatoon indicate that there is quite an active interest being shown in farm lands just now in that section of the West.

One real estate man stated that as far as he was concerned there have been many inquiries, but the principal purchases consisted in local deals, where farmers already located are acquiring possession of adjoining sections. The same individual also reported that there appears to be a good demand for rented farms; but as those who have farms already equipped with land under cultivation and machinery on the place to work it—which is the kind of farms in demand—are not desirous of renting, preferring to handle the crops themselves.

Another real estate man, who does considerable business in normal times in farm lands, expressed the opinion that at the present time and for some time back, there had been a manifest reluctance on the part of farmers to go further into farming and to add to their responsibilities in the matter of increased acreage on account of the labor problem. Last year it was claimed that owing to the large amount of alien labor which many farmers were compelled to accept, or do without, their position was anything but desirable. The difficulty in making them understand made it such expensive labor that rather than have the same to face again they preferred to leave their land idle. The situation this year, however, continued the informant, is somewhat better owing to the superior class of men who have been brought to this part of the West, which will eventually result in a more settled condition and a greater demand for farm lands.

According to the freight departments of the various railways, during the last two or three weeks, considerable rolling stock from the U. S. over the Soo Line is pouring into the West, the bulk of which is locating in Alberta and the western portions of the province. During the month of March, 16 homesteads were filed at the Saskatoon land office, in addition to three pre-emptions and two purchased homesteads.

A TORONTO SALE.

Warehouse on East Front Street Changes Hands.

Property at 45 Front street east, Toronto, with a market value of $30,000, has been purchased by the Canada Starch Co., to be used as a warehouse. It was bought from the Imperial Bank, and has dimensions of 26 feet 4 inches by 180 feet, with an assessment of $11,192 on the building and $9,000 on the land, making a total assessment of over $20,000.

MONTREAL BUILDING.

Great Improvement This Year in the Building Situation.

Building operations in Montreal are increasing by leaps and bounds this year, figures for the first three months of 1917 showing an increase in building business of over $500,000, as compared with figures for the corresponding three months of 1916.

In a statement which he issued recently, the city architect and chief building inspector, Mr. Alcide Chausse, shows that not only did the figures for the first quarter of 1917 show a substantial increase, but that the building work done in March exceeded in value by over $100,000 the value of new buildings commenced in the same month a year ago.

For the first three months of 1917, 193 permits issued had a value of $995,920, as against 298 permits with a value of $483,420, which were issued from January 1 to March 1, 1916. For the month of March just closed, building activity was reflected in 105 permits, with an aggregate value of $343,460, while for March, 1916, 119 permits, issued during the month represented a value of $243,345.

The exact increase for the first three months of 1917 compared with the first quarter of 1916 is $512,500.

NEW PRESIDENT.

Winnipeg Real Estate Association Elects Officers.

Land taxation was the subject of much discussion at the annual meeting of the Winnipeg Real Estate Exchange Wednesday in the St. Regis Hotel. It was decided to call a special general meeting in the near future, in order that the question may be thoroughly threshed out.

The election of officers resulted in Fred C. Hamilton being chosen as president for the coming year. C. E. Simonite was elected vice-president; Michael Scott, second vice-president, and G. H. Balls, secretary-treasurer. On the executive committee will be: John McGregor, Arni Eggertson, A. T. Little, W. H. Gardner, F. H. Stewart, M. E. Shantz, C. D. Shepard, James Scott, W. W. Hancock, R. E. Gunn, and A. H. Oakes.

ACT PREPARED.

Land Settlement Measure Will be Brought Up in Commons.

The Soldiers' Land Settlement Act, which will provide for a free grant of Dominion land to veterans of the Imperial forces, coupled with a provision for a loan, to be advanced under supervision, of $1,500 or $2,000, will be presented to the House this session, by Hon. Dr. Roche, Minister of the Interior, who with Hon. Martin Burrell, Minister of Agriculture, has had charge of its preparation. It is understood that its terms were settled and approved by the Prime Minister before leaving for England, and a full memorandum of its provisions was furnished to J. Bruce Walker, of the Department of the Interior, who went to England for the purpose of representing Canada on the Imperial Immigration Board.

LAND LAW SUIT.

American Banks Are Involved in Big Western Case.

A law suit of international proportions, involving large sums of money, the setting aside of mortgages, bills of sale, assignments, registration and title to Manitoba lands, has been launched in the Court of King's Bench, Winnipeg.

In brief, the statement of claim sets up that Isaac W. Avitt, now of Winnipeg, then a banker of Kansas City, gave the First National Bank a promissory note for $10,000, which he applied to the purchase of land in Manitoba for farming purposes; that in 1913 he became insolvent, and, knowing that he was insolvent and for the purpose of hindering, delaying and defrauding his creditors, transferred his lands, implements, stock, buildings and personal property to the Red River Valley & Livestock Company, a company alleged to have been incorporated for the specific purpose of enabling Avitt to defraud and delay and hinder his creditors. It is alleged that he received in return for transferring his land, stocks or shares of the company.

The company, then, it is alleged, mortgaged the property to E. E. Sharpe and Avitt's brother, George H. Avitt, without valuable consideration. To further complicate the matter the City Centre Bank of Kansas City placed a caveat against some of the property in question, for the alleged reason that Sharpe agreed to turn over to them a certain unregistered mortgage.

The land involved is the south half of the northwest quarter of section 6, township 11, range 2 west of the principal meridian; the northwest quarter and the north half of the southeast quarter of section 36, township 3, range 2 west, and the east half of section 4, township 12, range 2 west; and all stock and implements thereon.

The plaintiffs allege that the incorporators, provisional directors, and first directors of the Red River Valley Farm & Livestock Company, are not bona fide; that the corporation was created and organized for the purpose of enabling the defendant Isaac Avitt to place his property beyond the reach of his creditors; that the directors hold no stock in the corporation, and gave no valuable consideration for their positions; that Avitt procured directors to perform the acts alleged, for the purpose of effecting the fraud alleged.

The plaintiff bank asks that the transfers, assignments and registration of titles be set aside, and that an order be issued holding the properties involved at the disposal of the court pending the trial of the action; that an order issue preventing Avitt from selling the stock given him for his lands; an injunction restraining the defendant corporation from registering any transfers of stock pending the trial of the action; that the mortgages in favor of Sharpe and George Avitt be set aside, on the ground that the mortgagees had full knowledge of the alleged fraud, and are not bona fide mortgagees for valuable consideration. The plaintiff also claims the $10,000 on the Avitt note.

In the alternative the plaintiff alleges that the transfers, bills of sale and mortgages are covinous and fraudulent, and made with intent to defraud the First National Bank of Kansas City and other creditors, and asks that it be ruled that the transfers are fraudulent and void, and that the City Centre Bank of Kansas City be declared to have no interest in the land.

The defence denies all allegations, particularly and generally, especially those of intent to delay, hinder or defraud creditors.

GREAT WAR VETERANS.

Would Hold Western Land for Returned Soldiers.

At last week's meeting of the Great War Veterans' Association in Winnipeg, much attention was paid to the question of settling soldiers on the land. Over ninety per cent. of the soldiers from Alberta were farmers before they signed on as fighters. Those who have returned have gone back to the land again. Some of the Provincial Government officials in Alberta had to be educated to the fact that the returned soldier in that province was really entitled to a slice of the land he fought for.

There was a registrar who refused to file the applications of two returned men seeking homesteads on the ground that they were partly crippled and so not likely to become successful farmers.

Veteran Jas. W. Smith (who farms a full section near Edmonton), gave proof to the contrary. He has but one eye, a nine-inch silver plate in one leg, and his stomach is scarred where fifty-seven stitches were required to close his wounds, but he farms as he did before the war, and he pulled the wires which put his two disabled comrades on the farm sites they sought.

Away up in the Peace River country a man named Schmidt had three sections packed away for himself as timber limits. There wasn't a stick of timber on the land, so the other Smith saw to it that three returned soldiers had an opportunity to turn the "timber limits" into farm land.

There is another gentleman of alien name and upbringing in the same locality who bought many acres of the best land at a cent an acre. His holdings are ideal farm lands, and he may lose them yet.

The eastern Provincial Governments will have to bestir themselves to hold the veteran-farmers back from the prairie lands. The farmer-soldiers in the West want their comrades in Flanders to settle beside them. They have cause to be suspicious of the professions of alien neighbors now beside them and want to rub shoulders with the men who proved their British sympathies by fighting beside them in the trenches of Flanders.

Ingersoll's tax rate has been struck at 28 mills, which is one mill less than the 1916 rate.

Guelph's finance committee recommended a tax rate of 29 9/10 mills last week.

St. Catharines will collect taxes this year in three instalments, on June 20, August 15 and October 10, the first payment being one month earlier than last year.

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THE CANADIAN SYMPHONOLA COMPANY, LIMITED.

PUBLIC Notice is hereby given that under the First Part of chapter 79 of the Revised Statutes of Canada, 1906, known as "The Companies Act," letters patent have been issued under the Seal of the Secretary of State of Canada, bearing date the 15th day of March, 1917, incorporating John Wesley Dyer and Angus Long, salesmen, Robert Everett Laidlaw, student-at-law, Alice Hawkins, bookkeeper, and Edgar Fraser Raney, barrister-at-law, all of the City of Toronto, in the Province of Ontario, for the following purposes, viz.: (a) To carry on the business of manufacturing musical instruments and machines and instruments and devices for producing or reproducing sound, and all articles and things which are or may be required in or incidental to the use thereof and used in the manufacture, maintenance and working thereof; (b) To acquire, print, publish, conduct and circulate or otherwise deal in musical publications, and for such purposes to carry on the trade and business of printers, lithographers and engravers as incident thereto; (c) To apply for, obtain, register, purchase, lease or otherwise acquire and to hold, own, use, operate, introduce, sell, assign or otherwise dispose of any and all trade-marks, formulae, trade-names, secret processes, copyrights and the like which may seem calculated directly or indirectly to benefit the company; (d) To buy, sell, repair, alter and deal in musical instruments and machines, instruments and devices for producing and reproducing sound, and all articles and things which are or may be required in or incidental to the use thereof; (e) To carry on any other business (whether manufacturing or otherwise) which may seem to the company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights; (f) To acquire or undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the company is authorized to carry on, or possessed of property suitable for the purposes of the company; (g) To apply for, purchase or otherwise acquire, any patents, licenses, concessions and the like, conferring any exclusive or non-exclusive, or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company, or the acquisition of which may seem calculated directly or indirectly to benefit the company, and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights or information so acquired; (h) To enter into partnership or into any arrangement for sharing of profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the company is authorized to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit the company, and to lend money to, guarantee the contracts of, or otherwise assist any such person or company, and to take or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same; (i) To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of the company or carrying on any business capable of being conducted so as directly or indirectly to benefit the company; (j) To enter into any arrangements with any authorities, municipal, local or otherwise, that may seem conducive to the company's objects, or any of them, and to obtain from any such authority any rights, privileges and concessions which the company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions; (k) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company (or its predecessors in business) or the dependents or connections, of such persons, and to grant pensions and allowances, and to make payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object; (l) To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of the company, or for any other purpose, which may seem directly or indirectly calculated to benefit the company; (m) To purchase, take on lease or in exchange, hire or otherwise acquire, any personal property and any rights or privileges which the company may think necessary or convenient for the purposes of its business and in particular any machinery, plant, stock-in-trade; (n) To construct, improve, maintain, work, manage, carry out or control any roads, ways, branches or sidings, bridges, reservoirs, watercourses, wharves, manufactories, warehouses, electric works, shops, stores and other works and conveniences which may seem calculated directly or indirectly to advance the company's interests, and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, working management, carrying out or control thereof; (o) To lend money to customers and others having dealings with the company, and to guarantee the performance of contracts by any such persons; (p) To draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; (q) To sell or dispose of the undertakings of the company or any part thereof for such consideration as the company may think fit, and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of the company; (r) To apply for, secure, acquire by assignment, transfer, purchase, or otherwise, and to exercise, carry out and enjoy any charter, license, power, authority, franchise, concession, rights or privilege, which any government or authority or any corporation or other public body may be empowered to grant and to pay for, aid in and contribute towards carrying the same into effect, and to appropriate any of the company's shares, bonds, and assets to defray the necessary costs, charges and expenses thereof; (s) To procure the company to be registered and recognized in any foreign country and to designate persons therein according to the laws of such foreign country to represent this company and to accept service for and on behalf of the company of any process or suit; (t) To raise and assist in raising money for, and to aid, by way of bonus, loan, promise, endorsement, guarantee of bonds, debentures or other securities or otherwise, any other company or corporation and to guarantee the performance of contracts by any such company, corporation, or by any other person or persons with whom the company may have business relations; (u) To adopt such means of making known the products of the company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations; (v) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the company; (w) To do all or any of the above things as principals, agents, contractors or otherwise, and either alone or in conjunction with others; (x) To do all such other things as are incidental or conducive to the attainment of the above objects. The operations of the company to carried on throughout the Dominion of Canada and elsewhere by the name of "The Canadian Symphonola Company, Limited," with a capital stock of fifty thousand dollars, divided into 500 shares of one hundred dollars each, and the chief place of business of the said company to be at the City of Toronto in the Province of Ontario. Dated at the office of the Secretary of State of Canada, this 20th day of March, 1917.

THOMAS MULVEY,
Under-Ssecretary of State.

THE COLLIER OIL COMPANY, LIMITED.

PUBLIC Notice is hereby given that under the First Part of chapter 79 of the Revised Statutes of Canada, 1906, known as "The Companies Act," letters patent have been issued under the Seal of the Secretary of State of Canada, bearing date the 21st day of March, 1917, incorporating Henry Phipps Otty Savary, Lloyd Hamilton Fenerty, and Henry Austin Chadwick, barristers-at-law; Francis Olestes McKenna, student-at-law, and William Needham Ream, accountant, all of the City of Calgary, in the Province of Alberta, for the following purposes, viz.: (a) To search for, prospect, examine and explore lands and places which may seem to the company capable of affording a supply of petroleum or natural gas and to take on lease, purchase or otherwise acquire the right to the petroleum and natural gas in and under all such lands, and to establish and turn to account pumping stations, pipe lines and other works and conveniences suitable for the purpose of extracting, pumping, drawing transporting and purifying petroleum and other mineral oils and natural gas, and to acquire, construct, maintain, and operate refineries for the refining of crude petroleum, and to engage in the business of dealers in petroleum and all or any of its products or by-products, either wholesale or retail; (b) To acquire by purchase, lease, hire or otherwise, mines, mineral claims, mineral leases, mining lands and mining rights of every description, including petroleum and natural gas, and to work, develop, operate and turn the same to account, and to sell or otherwise dispose of the same or any of them, or any part thereof, or any interest therein; (c) To dig, bore, or drill wells for water, oil, gas or any other mineral or product, and to carry on such operations, either for the benefit of the company on property belonging to or in which the company is interested, or as a contractor with or for any other company, firm or person, and generally to carry on the business of well drillers in all its branches; (d) To purchase or otherwise acquire all plant or machinery necessary or convenient to be employed for any of the purposes of the company, and to operate the same; (e) To deal in natural gas for illuminating, power or other purposes, and for such purposes to enter into any contracts, engagements or agreements with any government, municipality, corporation or person for the supplying of natural gas for the purpose of power, illuminating or other purpose whatsoever; (f) To acquire, construct, equip, maintain and operate a gas lighting plant or plants, necessary pipe lines, to enter into any negotiations or contracts with any government, municipality, corporation or person for the right to use any street, highway, or public place, or any public or private property, for the right of way of the Company's gas pipe for the conveying of natural gas for lighting or other purposes, and to let, sell or otherwise dispose of or deal with such plant or plants and right of way; (g) To acquire, construct, equip, maintain and operate a pipe line or pipe lines for the conveying of petroleum, either crude or refined, or any of its products or by-products, and to enter into any negotiations or contracts with any government, municipality, corporation or person, for the right to use any street, highway or public place or any public or private property for the right of way for such pipe line or lines, and to sell, let or otherwise dispose of or deal with such pipe line or pipe lines and right of way; (h) To acquire by gift, purchase or otherwise from any person or corporation the right of way mentioned in the two preceding paragraphs hereof or any part thereof; (i) To buy, sell, lease, hire, or otherwise acquire any real or personal property and any rights, franchises, easements and privileges which the company may think expedient or desirable to purchase or acquire for the purpose of its business; (j) To purchase, or otherwise acquire the good-will or all or any part of the business, property and liability of any company, society, partnership or person formed for all or any of the purposes within the objects of this company or carrying on any business within the objects of this company and to conduct and carry on or liquidate or wind up any such business; (k) To establish, form, promote or assist in paying the cost of and incidental or preliminary to the formation or establishment of any company or undertaking formed with objects altogether or in part similar to the objects for which the company is established or for the purpose of acquiring, purchasing, holding, working, or otherwise dealing with any of the property of the company, or in which the company is interested and with whom the company may or may not amalgamate, and to make or concur or assist in making all payments and financial arrangements in relation thereto, and to underwrite, subscribe for, purchase, hold, sell, or dispose of shares, stocks, obligations, debentures or securities in any such company, and to guarantee or assist in the guarantee of the payment of any dividends or interests on the stocks, shares, debentures, obligations, or securities of any such company, and to pay any brokerage, commissions, indemnities and legal or other expenses incidental thereto; (l) To enter into partnership or any arrangement for sharing of profits, union of interests, joint adventure, reciprocal concessions, or co-operations with any one or more corporations, authorities, companies or persons carrying on or engaged in, any business, operation or transaction which may seem to the company capable of being conducted so as directly or indirectly to benefit the company, and to take or otherwise acquire and hold shares or stock in or securities of, and to subsidize, lend money to or otherwise assist any such corporation, authority, company or person, and to raise and assist in raising money for, and to aid by way of bonus, promise, endorsement, guarantee or otherwise any person, firm or corporation which the company may have business relations with, and to act as employe, agent or manager of any such person, firm or corporation, and to guarantee the performance of contracts by any such person, firm or corporation; (m) To sell, lease, exchange, surrender, or otherwise deal with the whole or part of the undertaking and property and rights of the company, or any part thereof, for such consideration as the company may think fit, and in particular for any shares (whether credited as partly or fully paid up or otherwise) debentures or securities of any other company, and to divide such part or parts, as may be determined by the company, of the purchase money, whether in cash, shares or other equivalent, which may be received at any time by the company on the sale of, or other dealing with the whole or part of the property, estate, effects and rights of the company amongst the members of the company by way of dividend or bonus in proportion to their shares, or to the amount paid up on their shares or otherwise to deal with the same as the company may determine; (n) To pay for any lands, business, property, rights, privileges and concessions acquired or agreed to be acquired by the company, and generally to satisfy any payment by or obligations of the company by the issue of shares of this or any other company credited as fully or partly paid up, or of debentures or other securities of this or any other company credited as fully or partly paid up; (o) To make, draw, accept, endorse, execute and issue promissory notes, bills of exchange, cheques, bills of lading and other negotiable instruments; (p) To acquire by subscription, purchase or otherwise, and to accept and take, hold or sell, shares or stock in any company, society or undertaking, the objects of which shall in whole or in part be similar to those of this company or such as may be likely to promote or advance the interests of this company; (q) To sell, lease, exchange, surrender or otherwise deal with the whole or any part of the undertaking and property and rights of the company for such consideration as the company may think fit; (r) To do all such things as are incidental or conducive to the attainment of the above objects or any of them and the intention is that the objects specified in each of the paragraphs in this clause shall, unless otherwise therein provided, be regarded as independent objects, and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the company. The operations of the company to be carried on throughout the Dominion of Canada and elsewhere by the name of "The Collier Oil Company, Limited," with a capital stock of two million dollars, divided into 400,000 shares of five dollars each, and the chief place of business of the said company to be at the City of Toronto, in the Province of Ontario. Dated at the office of the Secretary of State of Canada, this 22nd day of March, 1917.

THOMAS MULVEY,
Under-Secretary of State.

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OPERATIONS OF U.S. STEEL

Chairman of Big Corporation Tells of Success in Protecting Employees and Shareholders and Pleasing Public.

Business enterprise in the United States is rapidly adjusting itself to the conditions attendant upon a state of war. The spirit which the captains of industry have shown in co-ordinating their productive efforts to the great national and international cause has been the impressive feature of the advent of the great American Republic as a partner in the Allied combination. President Wilson has intimated that a large portion of the running expenses of the war will be met from current revenues and the great business executives have accepted the onus which has been thus thrown upon them and at the same time have shown practical co-operation in adjusting industrial production to a basis where the return will be sufficient to encourage the best in labor and capital on an assured basis without the great speculative features of the first period of adjustment to war conditions. The attitude of American industry in the present crisis is indicated in the remarks of Judge Gary at the annual meeting of the United States Steel Corporation.

Judge Gary told the shareholders that he estimated that under the increasing tax laws the company would be called upon to pay about $43,000,000 in the current year and no one could doubt but that other laws would be passed. Earnings were, therefore, uncertain. The burden which was being imposed by the Government upon corporations and upon individuals was very heavy, but he was sure that no loyal citizen could object so long as there was a fair and equitable distribution of the burden. Speaking further on this question of taxation, he said:—

> "Those, I believe, are the questions which are in the minds of all good citizens. Not knowing what these laws will be, or how large the burden may be increased, of course it is impossible to state what will be the net result. If the disposition of the law makers shall be to secure as much money as can possibly be expended for all the purposes which have been suggested, then it seems evident that all the profits or earnings of all the corporations and all the individuals may be taken away from those who possess them. I do not believe that is going to be the attitude of the law makers. If the disposition will be only to secure such moneys as are absolutely needed for governmental purposes, and the distribution of the burden is fair and equitable, it seems at the present time as though the earnings of the Steel Corporation would be very large for this year.

Corporations' Price Policy.

Speaking of the operations of U.S. Steel, Judge Gary stated that if the corporation were disposed to take advantage of every opportunity offered the earnings could be very much larger than at the present time. In the matter of efficiency the works were in better condition than ever before. Regarding the price policy he said further that when prices naturally advanced and when producers and sellers generally were taking advantage of the increased demand, it had been the efforts of the corporation to steady prices and to keep them down within reasonable and fair limits. When business was demoralized and there was a rush on the part of producers and sellers to get out of their commodities at almost any price, it was the company's policy to steady prices and to keep them from going to an unreasonable point—below what would bring a fair return on the investment. He gave as reasons for this broad policy that the concern was entitled to fair profit so as to be able to take care of its employees, so as to be able to keep the property in the very best condition and because it was better for every one interested in the industry that prices and conditions be kept stable. Illustrating this policy, he referred to the present situation:—

> "At the present time we are selling plate at $3.50 to $4 a hundred pounds to the government for governmental purposes or at a price something less than that, while we could go out in the open market if we desired to sell that same plate at $8 or $10 per hundred pounds. We have been offered as high as $10 for plate which we were selling and delivering to the government at $2.90 and to outsiders at about $4. Our effort has been to steady the market so far as we legitimately could, and to keep as many of our men employed as possible, to give them fair wages and fair treatment, and I think I may say without being accused of boasting, that we have tried to treat the general public fairly in every way by keeping it informed as to what we are doing and by conducting our affairs in every way as to do no injury, but rather so as to be of benefit to the general community.

Attitude to the Public.

Further explaining the attitude of the corporation to the public and to the trade, Mr. Gary stated that the policy was to give fair treatment to the public and to competitors, employees and customers in order that by the transaction of business in a conservative way in the furtherance of the company's best interests. The directors preferred to do a steady, persistent, straightforward business on the basis of fair profits, than a spasmodic business that might be injurious at times to others, even though it secured temporarily larger profits. This policy was considered as best in the interests of the stockholders. Referring to relations with employees, he said:—

> "We have at present about 270,000 employees made up of a great many different nationalities, as may be imagined. From time to time efforts have been made by outsiders to create dissensions, to create a feeling of animosity on the part of our employees at different places against our corporation. These efforts have failed. Now, I say we are proud of this condition, but when I say that I do not mean to boast that we are entitled to any particular credit for it; far from it. We have tried to treat our employees justly and liberally, and as one man would treat another man."

Referring to the company's year, Judge Gary said that before the last eighteen months there had never been an opportunity of demonstrating how much value there really was in the property or how much earning power it had on the total amount of business to be obtained. For the last year and more the mills had been running at their full capacity and that had been increased over 100 per cent. since the corporation started.

NATIONAL BRICK CO. HAD BETTER YEAR

Profits Replace Deficit, But Industry Still Suffers From the Building Depression.

The continued depression in the building trades is reflected in the annual statement of the National Brick Company, of Laprairie, which completed the year with a net profit of $42,714. This is, however, much better showing than was made in the preceding twelve months, when there was an operating loss of $63,170. As the bond interest of the company amounts to $138,000 annually the profits are still far short of meeting the fixed charges.

The total amount now due to the bondholders, including the interest on the scrip certificates which were accepted by them in lieu of their coupons, has reached $266,696. The arrangement entered into with the bondholders expires on April 1, 1918, by which time it is hoped that the company will be in a position to take care of its fixed charges.

After deducting $20,000 for plant renewal reserve, the balance was transferred to profit and loss account. The balance sheet shows that the obligations of the company to the public are only $19,121, including a small mortgage, while the current assets amount to $158,000, including bills receivable and inventories.

At the annual meeting of the company held on Monday, there was a readjustment of the executive, J. N. Greenshields, K.C., retiring from the presidency, and being succeeded by A. A. Ayer. R. M. Ballantyne was elected vice-president, which office was formerly held by the late Senator McKay, A. T. Alexander succeeds P. S. McKergow as secretary-treasurer.

Dr. Milton L. Hersey was elected a director to fill the vacancy caused by Senator McKay's death.

Balance sheet comparisons are as follows:

ASSETS.

	1916-17.	1915-16.
Acc. rec.	$43,089	$20,989
Bills rec.	8,648	15,792
Cash	2,072	4,335
Deposit	5,250	.....
Special acc.	1,126	.....
Insur. and taxes	6,107	1,774
Plants, etc.	4,383,044	4,383,396
Sundry	8,241	11,843
Def. interest	266,696	127,550
Stock on hand	91,997	81,684
	$4,816,274	$4,647,,365

LIABILITIES.

	1916-17.	1915-16.
Acc. pay	$2,811	$4,430
Bank loan	5,250	15,000
Bonds	2,319,100	2,319,100
Capital stock	2,000,000	2,000,000
Scrip acc.	266,696	127,550
Mortgage	11,060	12,760
Reserve, bad debts	6,313	6,195
Reserve, plant	20,000	.....
Profit and Loss	185,043	162,329
	$4,816,274	$4,647,,365

The Canadian railroads are about to make application to the Board of Railway Commissioners for a fifteen per cent. increase in freight rates and also a fifteen per cent. increase in passenger fares. The railway companies state that this action has been rendered necessary by the staggering additions to operating expenses.

OFFICIALS OF CANNERS MAKE REPORT RE FIRE

Loss May be Serious if Tin Plate Has Been Destroyed.

OUTLOOK FOR THE SEASON

Fear is Felt That Labor May Prove a Disturbing Element and Prevent the Large Pack Planned—Booking Orders.

A fire which occurred in the upper storey of the Dominion Canners Company can-making building in Simcoe, Ont., on Wednesday last, is reported to have done considerable damage. Early reports set the loss at somewhere about half a million dollars. Mr. Drynan and Mr. Nairne, officials of that company, who came to Toronto from Simcoe to attend a directors' meeting of the Canadian Canners on Thursday afternoon, were inclined to take a more optimistic view.

The upper storey of the four-storey building was pretty well gutted, and with it was destroyed a number of new machines for the making of sanitary cans. This loss, while occasioning troublesome delays and a considerable financial outlay, is not the most serious aspect of the case. The lower floors of the building are given over to storage purposes, and in the burned building was stored a very large quantity of tin plate, which, of course, is subject to destruction from water. The actual loss sustained will depend very largely on the question as to how seriously this tinplate has been injured. If it is destroyed, the loss would reach very close to the early estimated figures, besides entailing a shortage in raw material that at this time of year and under present conditions in the tin market might prove a very difficult situation to meet.

The members of the company referred to above, who have visited Simcoe since the fire, are strongly of the opinion that the worst of this loss will be avoided. They claim that the tin plate is packed so tightly that the water may have only affected the edges. It will, of course, be some time before it will be possible to state definitely just what the loss is.

In any event, the fire is serious enough in a season when every effort is needed to supply sufficient cans for the trade. Fortunately the Dominion Canners have very large supplies of cans under contract from across the line, and are not dependent on the operation of the burned factory.

The Business Outlook.

There was a meeting of the directors of the Canadian Canners, held in the rooms of the company, Hamilton Trust Company Building, on Thursday afternoon.

The meeting was called to discuss the general conditions facing the trade. The reports of the general fruit crop were considered very reassuring, with the exception of strawberries, which, it is feared, will fall considerably below the regular pack.

While prospects for tomatoes, corn and peas, up to the present, are satisfactory, it is felt that there may be a disturbing situation developed in these lines. The labor problem is a feature to be considered in this business as well as in the general agricultural line, and it is feared that this may militate against the large pack so urgently needed.

Despite the serious situation, that arose last season in the canning trade, there is no disposition on the part of the jobbers to refuse to contract for their coming supply. The only difficulty feared was that once more the demand should exceed the supply. The question as to whether it was advisable to send a representative West to conclude contracts was seriously debated. It was finally decided, however, that a short trip should be made instead of leaving the whole contract business in the hands of the jobber.

O. J. Moore, vice-president of the American Wholesale Grocers' Association, and known as one of its live wires, is of the opinion that the time has come for a careful study of the claims of chain stores, economy stores and all the other 57 varieties of "mixed traders" that they are more efficient and economical than the jobber, in order that the matter may be settled once and for all.

J. A. Thompson, Winnipeg, reports that his firm has purchased $12,000, 6 per cent., 20-year debentures of the Ethelbert School District.

Thrift—For Children
Give your son and daughter a lesson in thrift by opening for them a savings account in the Bank of Toronto. Help them add to it at regular intervals. The THRIFT HABIT acquired by the children will be worth more than the dollars it cost you.
Savings accounts for small or large sums invited at all branches of this Bank.

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J. Henderson, Vice-President.
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QUARTERLY DIVIDEND NOTICE No. 106
NOTICE is hereby given that a dividend at the rate of THIRTEEN PER CENT. PER ANNUM upon the Capital Stock of this Bank has this day been declared for the quarter ending April 30th, 1917, and that the same will be payable at the Head Office in this City and its Branches, on and after TUESDAY, the 1st day of May, 1917, to Shareholders of record of the 21st of April, 1917.
By Order of the Board,
J. S. LOUDON,
Assistant General Manager.
Toronto, March 22nd, 1917.

Plan Your Summer Vacation Now
Decide to enjoy the rest and recuperation of Body and Brain in one of Canada's National Playgrounds, where the delightful climate, magnificent scenery and unlimited sporting possibilities combine to make the ideal recreation.
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Students of public ownership problems should give careful consideration to the experience of Manitoba in the operation of its telephone system—the largest under government ownership in America.
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FEATURING BANKING AND INSURANCE

SPECIAL SECTION
Pages 17 to 28

THE FINANCIAL POST
OF CANADA

THE CANADIAN NEWSPAPER FOR INVESTORS

VOL. XI. SINGLE COPIES, 10 CENTS. PUBLICATION OFFICE, TORONTO, APRIL 21, 1917 ANNUAL SUBSCRIPTION, $3.00. No. 16

THE RELATIONS OF CANADIAN BANKS TO INVESTMENT MARKET

Some Explanations of the Attitude of Our Banking Institutions to Call Loans Placed in New York and in Canada, and of the Differences Between Them—The Probable Attitude of Banks to the Stock Market After the War.

By W. J. Donald, Ph.D., Head of Department of Economics, McMaster University.

THERE is a prevalent idea that any person with a small amount of ready cash can speculate on margin in almost any if not all of the securities traded on the stock market. Indeed, the idea is so generally held that it is not a good symptom. While doubtless the rapid turnover of securities held by speculators on margin is a good thing for the broker who gets his income from commissions on transactions, it is nevertheless, in the long run, usually costly for the speculator and of doubtful benefit to the community at large. On this question of speculating on margin, the attitude of the banks should prove instructive.

There are two classes of buyers of securities: one of them buys by paying for them with their own cash at once, or in a short time. This class includes the investing type, a permanent or long period hold being the object. The second class buys securities for the most part with borrowed money. In some markets this class of trading leads to more transactions than the former type. The purchaser puts up a small margin of 20 or 10 per cent. of the purchase price, the broker providing the rest, either from his own capital or from capital borrowed from private individuals or institutions, from trust companies, or from banks.

Many permanent investors carry securities in this way for a number of years and are thus able to control large blocks of stock. But as a rule the persons who buy on margin buy to speculate; that is, to make a profit on a quick turnover. As the volume of transactions depends considerably on the number of margin speculators, the profits of brokers depend to a considerable extent on the volume of funds they can secure for their speculating customers.

Loans to Brokers.

Rarely does the speculator borrow directly from the bank; as a rule, the broker secures funds to loan to his clients and usually the broker is a heavy borrower from the banks.

The banks make two kinds of loans to brokers: "time loans" and "call loans." Time loans are made for a definite period of time; for instance, six months. The broker and his customer are then certain that the loan will not be recalled within that time. A "call loan" is one that may be called in by the bank at any time, but in practice a certain amount of time is given the borrower. For instance, in New York, if a bank desires to call its loans it does so in the morning and the loan must be repaid by 2.15 p.m. In practice, call loans are at least one day loans, but there are instances of banks allowing call loans on gilt edged securities to run for years. In most markets time loans are unusual and call loans prevail.

There are two ways in which the brokers secure their loans from the banks. Firstly, they may make the loan by direct connection. In Canada this method is generally followed. The securities to be carried for the broker's customers are delivered to the bank as collateral, the bank loaning up to 75, 80, or 90 per cent. of the market value of the securities.

In New York most of the loans are made by so-called "money brokers," who act as intermediaries between the broker and the banker. The money broker is to be found at a regular place in the board room where loans are made. As soon as

Continued on page 18.

The Two Greatest Investment Groups

IN linking together banking and insurance in this special number, we have joined the two greatest investment groups in Canada. Banks are the great factor in short term financing and in the development of credit upon which business is conducted, while the insurance companies invest their large funds in the more permanent assets, of which bonds and mortgages predominate; the banks are also heavy investors in this latter class.

FIRE INSURANCE COMPANIES.
Mortgages. Bonds.
(Investments in Canada.)

	Mortgages.	Bonds.
Canadian Cos. ...	$3,362,250	$ 8,705,815
British Cos.	5,321,816	15,482,744
U.S. and Others..	7,500	9,251,428
	$8,691,566	$33,439,987

The total is increased by $2,145,884 of stock investments largely by Canadian companies, making $44,277,437 in all.

LIFE INSURANCE COMPANIES.
Investments in Canada (approx.)

Canadian Cos...	$ 96,000,000	$127,000,000
British Cos. ...	17,500,000	15,000,000
U.S. and other..	11,500,000	60,000,000
	$125,000,000	$202,250,000

CANADIAN BANKS

Government securities......	$100,018,609
*Canadian Municipal	182,808,459
Railway Bonds	62,691,669
Canadian Call	78,786,535
Current Loans	189,747,896

*Including British securities largely made up of treasury bills in connection with Munitions Finances.

These are the most important groups of bank investments in Canada, but the total would be higher if less important departments were included.

GREAT GROWTH OF LIFE INSURANCE

Amount of Insurance in Force on the Lives of Canadians Has Increased Over Sixteen Times Since 1875, and Business of Canadian Life Companies in the Same Period Over Forty Times.

IN the fifty years since Confederation, the life insurance business in Canada has enjoyed a marvelous growth. When the provinces were first united in 1867, there was but one Canadian company operating in the country and the total insurance in force, including that of British companies, did not exceed $30,000,000. To-day, there are twenty-six Canadian companies doing business under the Dominion insurance act, while the amount of insurance in force on the lines of Canadians approximates $1,400,000,000.

When insurance statistics were first compiled by the Government in 1875, approximately half the insurance carried on the lines of Canadians was in United States companies, while Canadian and British companies held roughly twenty-five per cent. of the business apiece. Last year has the net amount of insurance dian and American companies was practically reversed, the domestic institutions carrying very nearly twice as much as the American institutions. Meantime British companies, while holding three times as much business as in 1875, had lost

Continued on page 24.

TABLE ILLUSTRATING THE NET AMOUNT OF LIFE INSURANCE IN FORCE IN CANADA FROM 1875 TO 1916.

Year	Canadian Companies	British and Colonial Companies	United States Companies	Total
1875	$ 21,957,296	$19,455,607	$ 43,596,361	$ 85,009,264
1880	37,838,518	19,789,863	33,643,745	91,272,126
1885	74,591,139	25,930,272	49,440,735	149,962,146
1890	135,218,990	31,613,730	81,599,847	248,424,567
1895	188,326,057	34,341,172	96,590,352	319,257,581
1900	267,151,086	39,485,344	124,433,416	431,069,846
1905	397,946,902	4[illegible]09,211	188,578,127	630,334,240
1910	565,667,110	47,816,775	242,629,174	856,113,059
1911	626,770,154	50,919,675	272,530,942	950,220,771
1912	706,656,117	54,537,725	309,114,827	1,070,308,669
1913	750,637,902	58,176,795	359,775,330	1,168,590,027
1914	794,520,423	60,770,658	386,869,397	1,242,160,478
1915	829,972,809	58,087,018	423,556,850	1,311,616,677
1916	898,151,418	*.........	467,499,266	*........

*Complete figures have not yet been received.

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Municipal and Corporation
Bonds
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	PER CENT.	MATURITY.
PROVINCE OF MANITOBA	4	1 July, 1947
PROVINCE OF SASKATCHEWAN	4½	1 January, 1919
PROVINCE OF ALBERTA	4½	1 February, 1924
PROVINCE OF QUEBEC	4	1 August, 1949
CITY OF TORONTO, ONT.	4	1 July, 1948
CITY OF MONTREAL, QUE.	4	15 July, 1937
CITY OF HALIFAX, N.S.	5	1 July, 1950
CITY OF OTTAWA, ONT.	4	1 July, 1941
CITY OF HAMILTON, ONT.	4	1 April, 1934
CITY OF LONDON, ONT.	4	3 August, 1939
CITY OF GALT, ONT.	4½	30 October, 1940
CITY OF ST. CATHARINES, ONT.	4½	22 April, 1922
CITY OF VICTORIA, B.C.	4	31 December, 1920
CITY OF CALGARY, ALTA.	4½	1 July, 1937
CITY OF EDMONTON, ALTA.	5	1 April, 1923

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The Financing of Canada's War Orders

Co-operation of Canadian Banks With the Government Resulted in Heavy Business in Munitions—Had a Favorable Effect Upon Exchange—Loans to the Government Also Helped in Extending Volume of Business.

OF CONSIDERABLE interest to Canadian investors and to students of Canada's financial position is the fact that the Canadian Government together with the banks have been able to make large advances to the Imperial Government through the Imperial Munitions Board for the purchase of munitions, food and other war supplies in Canada.

The earliest opportunities to secure war orders for Canada revealed difficulties in securing skilled labor and adequate credit. Many firms were already deep in debt to the banks on account of the prevailing depression in the steel industry in 1914, especially after war broke out. A few companies were so fortunate as to be quite independent, one of the most fortunate having in the bank capital which had been paid in but which had not been used for purposes of construction.

There has been in certain quarters a good deal of criticism of the supposed failure of the banks to provide loans. As a matter of fact it was scarcely to be expected that the banks would provide sufficient capital to build a new manufacturing plant. At no time is that the function of commercial banks. Otherwise it was not necessary for many plants to build, but it was of course necessary to get new machinery and to secure raw materials.

Persons close to the manufacturers, inform the POST that in a general way manufacturers with a good record had no difficulty in securing legitimate bank assistance. Those with an inferior record, or, in other words, those in connection with which the risk was great, received less assistance. If this statement is true, had the munitions manufacturers, or would-be manufacturers, any just ground for complaint?

Adverse Exchange.

It was not long however, before the problem of financing the Canadian munitions business had become a National if not an Imperial problem and the Canadian Government found it necessary to step in. This was made more or less necessary by the fact that Great Britain's huge purchases abroad had affected sterling exchange rates adversely. This assumed serious proportions early in 1915. It was not long, however, before Canada was able to finance all new war expenditures in Canada without assistance from Great Britain and thus the situation was relieved.

Had the Government, however, been obliged to bring funds to Canada in order to finance the war, it would have been competing with the British Government in the sale of sterling exchange in America. This would have been serious because adverse sterling exchange rates make it expensive for Great Britain to buy munitions and other goods in America. including Canada.

Therefore to whatever extent Canada was able to avoid getting financial assistance in Great Britain, she was able to facilitate Great Britain's purchases of munitions in Canada.

First Domestic War Loan.

But Canada went a step farther. When the first Domestic War Loan proved such a huge success and was increased frrm $50,000,000 to $100,000,000, half of it $50,000,000 was used to pay for British purchases of munitions in Canada. This was a distinct advantage not only to overburdened Britain but also to the Canadian manufacturers of munitions and other war supplies.

1916 Bank Loan.

During the summer months of 1916 the Dominion Government found that in order to finance the munitions business and otherwise carry on the war it was necessary to have $30,000,000 at once. As the second war loan was not to be issued until September, the Government therefore borrowed $30,000,000 from the Canadian banks, on security of three months treasury notes at 5½ per cent., seventy per cent. was placed to the credit of the Government on Aug. 1 and 30 per cent. on Sept. 1. As the loan was repayable on Nov. 1, when the proceeds of the second Domestic War Loan would be available, the three months loan from the banks did not interfere with the crop moving.

When the second war loan was issued $50,000,000 was used as advances to the Munitions Board thus bringing the Government's total up to $100,000,000.

Advances by the Banks.

In addition, the manufacture of munitions and other supplies in Canada has been greatly facilitated by the loans arranged with Canadian banks. The following table shows quite clearly the growth of the banking accommodation for the Imperial Munitions Board, securities held in 1914 were fairly regular in volume and must have consisted chiefly of Canadian Municipal Securities.

CANADIAN MUNICIPAL SECURITIES AND BRITISH, FOREIGN AND COLONIAL PUBLIC SECURITIES OTHER THAN CANADIAN.

(000's omitted.)

	1914.	1915.	1916.	1917.
Jan. . . .	22,325	23,713	41,746	163,299
Feb.	22,650	25,338	44,503	......
Mar. . . .	22,830	26,875	44,384	......
Apr.	22,691	25,736	93,052	......
May . . .	22,893	27,416	106,680	......
June . . .	24,007	28,049	124,637	......
July . . .	22,654	31,510	148,916	......
Aug. . . .	22,836	34,955	153,319	......
Sept. . . .	22,888	36,811	161,162	......
Oct. . . .	22,566	38,985	163,380	......
Nov. . . .	21,777	39,264	165,470	......
Dec.	22,371	39,978	167,578	......

Increases in 1915 consisted to some extent of Canadian municipal securities for the British market was by that time quite closed to Canadian municipals. The sudden increase from $44,000,000 to $93,000,000 in April 1916 and thereafter to $167,000,000 at the end of 1916 was due however to advances made by the banks for the purchase of munitions in Canada. It may be safely estimated that the Canadian banks have loaned on security of British Treasury Bills nearly $150,000,000 and possibly a good deal more at the present time.

Bank Loan to the Government.

As may be seen from the following table, the banks have purchased between January and February 1, about $35,000,000 of Dominion and provincial securities. These consist altogether of short time Dominion Treasury Bills which were issued on the security or in anticipation of the War Loan of March 1917. It is interesting to note from the following table that while the commerce, Montreal, and Royal banks advanced nearly two thirds of this amount, nevertheless practically all of the banks participated. It may be taken for granted that a portion of this loan has been used by the Government for the financing of munitions works in Canada, though it has been used chiefly for military purposes. Doubtless the Government, and thus the banks in proportion to their subscription will use a share of the proceeds of the March War Loan to help finance additional orders in Canada. It is perfectly evident therefore that the banks should had a large share in the credit for the financing of the profitable munitions business in Canada.

The Relation of Canadian Banks to Investment Market

Continued from page 17.

a banker ascertains early in the day how much money is at his disposal for loaning, he places it in the hands of a broker for loan at call. Once the loan is made the stock broker makes all other negotiations directly with the bank. The money broker makes no arrangements respecting collateral, which is an important question with the banks.

What is Good Collateral?

It is in respect of this point that the greatest restriction is placed on margin speculation. The banks look with disfavor on securities that are apt to fluctuate widely in price, for in such cases not only may the speculator lose his margin, but the bank may also lose. In all such cases the bank demands a very large margin, or it refuses to loan on that security at all. There are many Canadian securities on which Canadian banks will not loan and which Canadian buyers cannot purchase on margin, much to their surprise, as a rule.

Active securities are preferred to those which are inactive. If a security seldom changes hands, the sale of a block of shares by the broker or by the bank would be certain to depress prices. A small issue is apt to be inactive and to have a small market. Its sale is almost certain to result in violent fluctuations. In practice it is not the present market value of a security that the banker keeps in mind, but the value or price for which the security will sell under adverse or panicky conditions. Canadian bankers usually reject loans on the stock of manufacturing companies, or discriminate against them at least to the extent of refusing to loan on collateral consisting of industrial stocks alone, by charging a much higher rate of interest, or by demanding a much larger margin.

Call Loans in Canada.

For a long time Canadian bankers did not regard loaning on stock market collateral in Canada favorably. Practically all Canadian stocks, with the exception of C. P. R. common and a few others, have a very small market. Indeed, it is so small that when a crisis comes, when money is scarce, the calling of loans would demoralize the market, immediately wipe out the speculator's margin and probably destroy the broker's business and credit as well.

In practice, therefore, the banks must consider not only the marketability of Canadian stocks, but also the intrinsic worth of the stock, for in times of panic the banks are as likely as not to find the margined stocks on their hands. In fact, "call loans on stocks in Canada" are not call loans at all. They are more like the "time loans" described above. The Canadian market is, however, gradually broadening, and the brokers and speculators are gradually being taught that when their loans are called they must not "lie down." In the meantime, the prospective speculator may put out of his mind the idea that any person can speculate on margin on any Canadian security, or that when the brokers or banks refuse to carry their accounts on margin they are being discriminated against. The banks and brokers discriminate against risky loans, not against persons.

Loaning in Canada.

A study of the monthly figures showing call loans on stocks, debentures and bonds in Canada, proves very instructive. The following table shows that these bank loans are remarkably regular in amount. Fluctuations are very small indeed. The figures at various special times are interesting. There was a sudden increase after the Dominion war loan issue of November 1915. Apparently about $10,000,000 may have been borrowed on purchases of the war loans. There is not, however, much evidence that the banks were asked for much assistance for the purchase of war bonds in September, 1916. Doubtless the instalment feature made this almost unnecessary. The increase in loans from the middle of 1915 onward probably reflected the increasing value of Canadian stocks, together with an increasing amount of stocks and bonds held on margin.

Call and Short Loans in Canada on Stocks, Debentures and Bonds.

(000's omitted.)

	1914.	1915.	1916.	1917.
Jan.	$ 71,248	$66,154	$82,584	$79,737
Feb.	71,274	67,591	81,949	78,786
Mar.	69,088	68,245	81,747	
April	68,523	68,599	82,527	
May	67,210	71,516	84,826	
June	67,401	72,628	86,776	
July	68,441	71,168	87,355	
Aug.	69,229	71,855	86,351	
Sept.	70,063	71,578	88,145	
Oct.	70,201	74,574	90,412	
Nov.	69,394	83,203	89,395	
Dec.	68,511	84,228	82,569	

Some speculators think that the banks for their own advantage contract their call loans purposely, to to their own advantage at times. The sudden drop in the loans in December, 1916, might seem to indicate that this is true. As a matter of fact, it simply means that after the market drop in December, it took less money to carry Canadian stocks and many margined accounts had been cleaned out, and that many purchasers of war bonds had paid for their bonds in full. The speculator who does most of the howling is the person who wants to get all the profits if there are any, while the bank carries a considerable risk and takes most of the loss it there is one.

In general, the banks find it difficult to secure commercial loans in the summer months and therefore have more money to loan on call. This is especially true of banks in the United States. As a consequence the stock markets are likely to be buoyant in the summer. But when the autumn crop moving comes, the banks need their funds for commercial business, on which they can earn a larger rate of interest. September is likely to see a slight reaction in the general level of security prices. All regular dealers and speculators are familiar with this tendency and never complain. Commercial banks are formed to do a commercial business, and stock market speculators should be pleased with what accommodation they can get rather than hurl criticism at their casual supporters.

An interesting point to consider is that Canadian banks do not recall their call loans in practice. If there ever was a time when the banks might have done so with good reason it was when the war broke out. Yet, what do we find? The loans were increased in August and continued to increase practically without a recession until the market was admittedly heavy in the late autumn of 1916 If there is any criticism of the banks it is that they do not feel free to withdraw their funds from the Canadian markets whenever they are needed for ordinary commercial loans. The idea that the banks pinch the speculators is the worst of fallacies.

One should not assume, however, that all of this item is loaned on stocks. As the caption indicates, the banks loan on debentures and bonds. It is quite impossible to tell from the figures and probably no one knows even approximately what proportion of "call loans in Canada" consists of loans on stocks and what part consists of loans to help brokers to carry debentures and bonds in process of being marketed by them.

Call Loans in New York.

Contrast with this the item "call loans elsewhere than in Canada," which consists of call loans in New York and London. This sum is practically the "secondary reserve" of Canadian banks. Whereas American national banks must have a cash reserve of 25 per cent., no limit is placed on Canadian banks, and in practice they carry only 8 to 12 per cent. The rest of their reserve for emergency purposes they carry on call in New York. Sometimes the call loans in Canada are referred to as part of a secondary reserve, but, as we have seen, they should not be so estimated, for they are not true call loans. This substitute for a cash reserve permits the banks to make a small profit in New York and to loan in Canada more cheaply than they otherwise could. Whenever funds are plentiful, Canadian bankers extend their loans in New York. When funds are needed, they are instantly recalled. The table following shows this quite clearly, though probably a daily statement would show even greater and certainly more frequent fluctuations.

Call and Short Loans Elsewhere Than in Canada.

(000's omitted.)

	1914.	1915.	1916.	1917.
Jan.	$ 108,776	$ 85,796	$134,248	$155,747
Feb.	141,143	89,890	139,138	
Mar.	145,218	101,938	141,889	
April	139,937	121,522	147,146	
May	129,897	126,098	163,406	
June	137,120	124,604	182,757	
July	125,545	117,821	177,121	
Aug.	96,495	120,607	171,380	
Sept.	89,521	135,108	173,877	
Oct.	81,201	120,681	189,346	
Nov.	74,459	135,530	183,250	
Dec.	85,012	137,157	173,878	

That the reserve is a liquid one is proven by the experience of August, 1914, when over $30,000,000 was withdrawn. Canada had not the least difficulty in drawing on New York and using her credits there. As savings grew and cash increased, more and more has been loaned in New York until the crash in December caused a rapid reduction, partly in fear and doubt about conditions in the realm of finance, and partly because, as in Canada, less was required to carry the stocks at lower prices. Moreover, at the winter season the funds are needed in Canada to accommodate the crop moving, a claim that always ranks ahead of the stock market.

Another explanation of the item "call loans elsewhere than in Canada" is the fact that Canadian banks must carry funds in New York, and in London in order to accommodate Canadian trade. These funds may as well be used profitably on call on the stock markets at times when they would otherwise be idle. Those who criticize Canadian banks for diverting funds to New York should consider that they do so chiefly for the purpose of carrying on Canada's ordinary commercial relations. Loaning on the stock market is incidental.

The accommodation that American banks can give the stock market affects Canada. When the New York market lags, the Canadian market falls in sympathy. Therefore, the New York bank statement and American banking conditions should be watched by the investor who makes frequent turnovers. When funds are liquid, stocks are likely to soar, when they are tight the market declines, other things being equal.

Post-War Conditions

There is much speculation concerning stock market conditions after the war. The loss of war orders will probably affect industrial stocks adversely and bankers will regard them as highly speculative, as indeed they now do. As a consequence, they will probably refuse to loan on most of the war stocks, as well as others. The prices will therefore tend to decline. Nevertheless, the banks, cautious respecting the future, will wish to keep their funds liquid and the best way to keep them liquid, and yet earn something, is to loan on call. As they will not loan on speculative securities, the investor will find that funds will be available for the purchase of or to carry investment securities such as railway stocks and bonds, high grade industrial bonds, municipal debentures, state and national bonds. Government securities and others of high investment grade will be sought after by the public armed with banking accommodation, and they will advance in price, while speculative securities decline. The banks will properly enough be found on the side of security and conservative investment.

THE ROYAL BANK OF CANADA

INCORPORATED 1869

Capital Authorized $25,000,000 Reserve Funds - $14,324,000
Capital Paid Up - 12,911,700 Total Assets - 285,000,000

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BRANCHES

In Canada

175 in Ontario and Quebec
75 in Maritime Provinces
64 in Central Western Provinces
38 in British Columbia
6 Branches in Newfoundland

Branches in West Indies:

34 in Cuba, Porto Rico, Dominican Republic, Costa Rica and Venezuela. Also in Antigua, St. John's; Bahamas, Nassau; Barbados, Bridgetown; Dominica, Roseau; Grenada, St. George's; Jamaica, Kingston; St. Kitt's, Basseterre; Trinidad, Port of Spain and San Fernando; British Guiana, Georgetown, New Amsterdam and Rose Hall (Corentyne); British Honduras, Belize.

STATEMENT TO THE DOMINION GOVERNMENT

(Condensed)

Showing Condition of The Royal Bank of Canada on FEBRUARY 28, 1917

LIABILITIES—	
Capital Paid Up	$ 12,911,700.00
Reserve Fund	13,471,700.00
Undivided Profits	852,346.28
Dividend No. 118, payable March 1, 1917	387,351.00
Notes in Circulation	19,842,500.49
Deposits	224,875,552.40
Due to Other Banks	9,748,818.37
Bills Payable (Acceptances by London Branch).......	1,662,254.30
Acceptances under Letters of Credit	864,787.40
	$284,620,010.34
ASSETS	
Cash on Hand and in Banks	$ 57,060,893.04
Deposit in the Central Gold Reserves	6,900,000.00
Government and Municipal Securities	30,488,431.56
Railway and other Bonds, Debentures and Stocks....	14,517,114.29
Call Loans in Canada	13,139,244.37
Call Loans elsewhere than in Canada	11,714,626.53
Deposit with Dominion Government for Security of Note Circulation	700,340.00
	$134,520,650.00
Loans and Discounts	141,531,880.31
Liabilities of Customers under Letters of Credit as per contra	864,787.40
Bank Premises	6,127,460.15
Real Estate, other than Bank Premises	1,575,232.36
	$284,620,010.34

COLLECTIONS IN CANADA, CUBA, BRITISH WEST INDIES, ETC., HANDLED PROMPTLY ON FAVORABLE TERMS

Travellers' Letters of Credit issued available in all parts of the world. Drafts, Money Orders and Travellers' Cheques sold. Savings Department at all Branches.

Investment Advantages of Bank Stocks

Safety of Capital and Regularity of Income Are Strong Features —Consideration of Yield and Marketability is Important—The Probability of Appreciation or Depreciation in the Market Value.

THE chief characteristics of securities which the prospective investor should consider are:

1. Safety of capital.
2. Regularity of income.
3. Probability of appreciation or depreciation of price.
4. Yield.
5. Marketability.
6. Special characteristics.

It does not follow, however, that every investor should demand all of the characteristics mentioned. Safety of capital is regarded as essential by every investor, and regularity of income is usually desirable, and in many cases demanded. A good yield is important for those who must live on the returns from their investments, though it does not take precedence over safety and regularity. These characteristics are especially important for the investment of the funds of a widow, orphans, or any one who wishes to make a permanent investment.

The first principle of sound investment of the surplus of a corporation is that it shall be invested in a liquid asset. Banks do this by investing in call loans. They insist on a very high degree of marketability or convertibility of their investments of surplus. A large yield is not essential and regularity of income is not very important. Value is essential because without it stability of value cannot exist. A probable depreciation is to be avoided carefully. Possible appreciation is acceptable but not essential. The main idea in investing a surplus is to gain an income without sacrificing liquidity of assets. The investment must be convertible into cash on short notice and in order to be convertible it must have a large and constant market and as a consequence stability of value.

It is the purpose of this article to present clearly the extent to which Canadian bank stocks exemplify these characteristics.

Safety of Capital.

All investors should consider safety of capital as the first essential. How do Canadian bank stocks meet this test?

Numerous bank failures in the last twenty years have made investors rather doubtful about their security. Between 1896 and the present time, a number of new banks have been established from time to time on the theory that more banks were needed. These include the Northern Crown, Home, Sterling, Weyburn, Vancouver, Farmers and Sovereign. Several of these have already been eliminated either by being merged with larger banks or through failure. The failures of the Sovereign, Farmers and Vancouver banks and the payment of the double liability have made bank stocks somewhat unpopular. Their failure can be traced almost invariably to mismanagement. The banks now doing business in Canada are, it is fairly safe to say, well managed, and a new vigilance on the part of the Government, together with greater control by stockholders through the independent stockholders audit are likely to favor better management in future than in the past.

Double Liability Clause.

The double liability clause has doubtless been in Canada, an adverse factor especially in recent years. Before the failure of some of the larger banks like the Sovereign and Farmers. In the case of the Farmers bank a good deal of legal action was necessary. Certainly the investor should know that in investing in bank stocks he makes himself liable for the payment of a sum equal to the capital stock held by him or as much of it as may be necessary to liquidate prior claims such as depositors or note holders. There should be no doubt about this, for in practice the double liability is and ought to be collected to whatever extent necessary.

Geographical Distribution.

The safety of investments can on the whole be increased by means of a geographical distribution and by means of investment in different kinds of securities. The investor of $10,000 probably ought not to put all of it into bank stocks but bank stocks may very wisely be included in the list of securities purchased. Similarly an American investor in bank stocks ought to purchase the stocks of banks in a number of different communities including for instance Canada. In this respect an investment in the stock of one Canadian bank provides a geographical distribution in a certain sense for the branch banks invest their funds in assets not in one community alone, but in a great number of communities. A fire or an earthquake might destroy an American city and with it some of the banks, but in Canada while a fire might cause any particular bank a loss, nevertheless that loss would be slight compared with the total of the bank's assets in that and in many other communities." Don't put all your eggs in one basket" is a good investment rule that Canadian banks follow with their branch bank system and similarly investments in Canadian bank stocks meet to some extent, one of the accepted principles of investment.

Regularity of Income.

A second principle of investment, one which is especially important for persons dependent on the yield for a living, is security or regularity of income. This is closely allied to the first for safety of capital depends chiefly on the regularity of income. As a matter of fact the dividends on Canadian bank stocks are remarkably uniform from year to year. The following table makes this quite evident: The explanation lies probably in the contagious character of optimism. Conservative investors hesitate to purchase securities that are advancing in price. They expect a sudden decline. When at last even the most conservative are convinced, the upward swing may have nearly come to an end. Thus it is that frequently conservative, or rather hesitant, investors lose by reason of the decline in securities.

The Effects of Prosperity.

In times of prosperity common stocks are likely to pay extraordinarily good dividends. This is especially true of industrial stocks such as war stocks during the present war. As a consequence these stocks are eagerly sought out and advance in price. Meanwhile securities which have a more regular return appear to yield too small a return. Bonds, to some extent preferred stocks, and even bank stocks belong to this class. At such times they are apt to be neglected and therefore to decline in price.

This is exactly what has happened recently as the following tables on recent prices of bank stocks and on the dividend yield of bank stocks show quite clearly.

BANK DIVIDENDS.

Bank—	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	*1917
B. N. A.	6	6	6	6+1	6+1	6+1	6+1	7+1	8	8	8	7	7	..
Commerce	7	7	7+1	8	8	8	9	10	10+1	10+2	10+2	10+2	10+2	10+2
Dominion	10	10	12	12	12	12	12	12	12+2	12+2	12+2	12	12	12
Hamilton	10	10	10	10	10	10	10	11	11	12	12	12	12	12
D'Hochelaga	7	7	7¼	8	8	8	8	8¾	9	9	9	9	9	9
Home	..	..	6	6	6	6	6	6	6	7	7	5	5	..
Imperial	10	10	10	11	11	11	11	12	12	12	12	12	12	..
Merchants	7	7	7½	8	8	8	8½	9½	10	10	10	10	10	..
Molsons	9	10	10	10	10	10	10¼	11	11	11	11	11	11	..
Montreal	10	10	10	10	10	10	10	10	10+2	10+2	10+2	10+2	10+2	..
Nationale	6	6	6½	7	7	7	7	7	7½	8	8	8	8	8
Northern Crown	..	..	..	5	5	5	5	5	6	6	6	..	..	..
Nova Scotia	10	10½	11¼	12	12	12	12	13½	14	14	14	14	14	14
Ottawa	9	9½	10	10	10	10	10½	11	11¾	12	12	12	12	..
Provincial	3	3	3	3	5	5	5	5	5	5	7	7	7	7
Royal	8	8¼	9	10	10	10	11¼	12	12	12	12	12	12	..
Standard	10	10	12	12	12	12	12	12	13	13	13	13	13	..
Sterling	..	..	..	5	5	5	5	5	5	6	6	6	6	6
Toronto	10	10	10	10	10	10	10	11	11+1	11+1	11+1	11	11	..
Union	7	7	7	7	7	7	7¼	8	8	8+1	8+1	8+1	8	..
Weyburn	..	..	..	..	..	..	..	2½	5	5	5	5	5	5

*Paid thus far at rate of. Information incomplete.

A decrease in dividends is a very rare event; and practically unknown before the outbreak of war. Indeed only four banks have decreased dividends in war time.

The fact that banks rarely reduce dividends is due to a considerable extent to the practice of not increasing a dividend until the bank is quite certain that the rate can be maintained for years. The banks of British North America, Commerce, Montreal and Toronto together with the Dominion and Union banks have been in the habit of granting a bonus dividend until there is apparent certainty that it can be continued. This makes bank stocks, other things being equal, an admirable investment for the person who wishes a regular income. Bank stocks are in this respect far superior to industrials and are likely to remain so.

Market Price.

It is not enough however that the investor should be able to judge the intrinsic value of securities, or in other words to determine whether or not a security is likely to prove a safe investment. He ought also to be able to judge whether the present price is high or low, or in other words whether the security is likely to decline or to advance in price. Even well seasoned business men make poor investments at a time when securities have unduly advanced in price and sell when stocks are at the bottom.

A surprisingly large percentage of investors neglect to apply their presumed knowledge of the fact that the market has long period movements up and down. They are familiar with the apparent regularity of crises but they fail to draw the almost obvious conclusion that stocks and other securities are affected by this movement.

The probability is that the present is a fairly good time in which to buy good bank stocks for in common with government bonds, though possibly not to the same extent, they will possibly advance in price after the war while more speculative industrial securities are declining in price. The possibility of securing the advantages of appreciation of stock values, is worth considering, and the advisability of avoiding a depreciating stock needs no argument.

But on this point the investor must consider, not the short time movement of which he can know little or nothing in advance, but rather the long period movements concerning which he can make an approximately accurate judgment.

Canadian bank stocks present an interesting study of yield. The following table shows the dividend yield quite clearly in recent years 1907, 1912 and 1917. The table shows that in 1907 bank shares yielded considerably less than 5 per cent. with a few exceptions. By 1912 the yield had increased considerably, ranging on the average considerably over 5 per cent. The advance in the yield in the case of the Bank of Montreal from 4 to 4.89 is typical. This increase in yield was due in part to an increase in dividends for about half of the stocks had either stood their ground or even advanced in price. In a few cases the increase in yield was due not only to increasing dividends, but also to a declining price level.

By 1917 an additional increase in yield had occurred. In some cases this happened despite a decrease in dividend rate which occurred in many cases after the war broke out. In other cases the increase in dividend partly explains the increased yield.

RECENT PRICES OF BANK STOCKS.

Banks—	High price since 1910	Date.	July, 1914	Min. price	Present price	Price at at end of 1916
B. N. A.	160	May, 1912	150	....	...	...
Commerce	236¾	May, 1911	200	203	186	185
Dominion	242	Jan., 1913	226	227	211	212½
Hamilton	212	Jan., 1912	201	201	191¼	190
D'Hochelaga	180	Aug., 1912	149	149	145	145
Home	...	....	...	...	...	...
Imperial	229	Dec., 1912	210	210	199	200
Merchants	201	Jan., 1913	177	180	170	170
Molsons	209	June, 1911	197	201	180	181
Montreal	270	Aug., 1911	230¼	234	225	233
Nationale	142	Dec., 1912	132¾	132¾	134	134
Northern Crown	...	....	...	...	...	...
Nova Scotia	278½	March, 1912	261	261	257	255
Ottawa	210	Jan., 1913	206	207	202	200
Provinciale	...	....	...	...	...	...
Royal	241½	March, 1911	221	221¼	213	213½
Standard	239	June, 1912	215	215	212	215
Sterling	...	....	...	...	...	...
Toronto	217	June, 1911	207¼	211	191	190
Union	174	Feb., 1912	140	140	128½	138
Weyburn	...	....	...	...	...	...

More generally however, the increase in yield has been due to the decline in the price of the stocks which as the second table shows, has in several cases over-reached the minimum prices set by the stock markets in the early war months. These stocks have suffered in price during the war and have increased in yield correspondingly. Should they increase in price after the war as they may be expected to do their yield will decrease unless of course higher dividends are paid.

DIVIDEND YIELD ON BANK STOCKS.

Bank—	*1907			*1912			†1917		
	Div.	Price	Yield	Div.	Price	Yield	Div.	Price	Yield
B. N. A.	6+1	150½	4.65	8	150	5.33	7	...	....
Commerce	2	174	4.56	10+1	220	5.00	10+2	186	6.27
Dominion	12	242	4.92	12+2	230	5.19	12	210¼	5.71
Hamilton	10	210	4.76	11	203½	5.40	12	191¼	6.28
D'Hochelaga	8	150	5.33	9	163½	5.50	9	145	6.20
Home	6	...	....	6	...	....	5	...	....
Imperial	11	222	4.95	12	227¼	5.28	12	199	6.08
Merchants	8	166¼	5.32	10	198	5.05	10	170	5.91
Molsons	10	210	4.76	11	210	5.24	11	181	6.11
Montreal	10	249½	4.00	10+2	245	4.89	10+2	225	5.33
Nationale	7	125	5.60	7½	123½	6.07	8	134	5.97
Nor. Crown	5	...	....	6	...	....	..	...	....
Nova Scotia	12	292¾	4.09	14	278½	5.03	14	257	5.46
Ottawa	10	220	4.55	11¾	208	5.65	12	200	5.94
Provincial	3	...	....	5	...	....	7	...	....
Royal	10	237¾	4.21	12	233	5.15	12	213	5.63
Standard	12	225	5.55	13	234½	5.54	13	211	6.16
Sterling	5	...	....	5	...	....	6	...	....
Toronto	10	224	5.59	11+1	210½	5.70	11	190	5.75
Union	7	149	4.69	8	164	4.88	8	138	5.79
Weyburn	..	...	....	5	...	....	5	...	....

*Maximum price in March of that year.

†Price on March 15, 1917, or last price previous to that date.

The Surplus.

Thus far only the dividend yield on bank stocks has been considered, because Canadian investors seem to lay emphasis on the cash yield from their investments. This is probably due to the fact that the investor wishes to retire on his investment or otherwise to use the income. Sooner or later of course he will profit by the collection of a surplus but in the meantime he must wait. To this practice the short time investor seriously objects, for he is unable to benefit from the increase of surplus, unless of course the price of the stock advances. In Canada this does not seem to have as great an effect on the price of stock as it might. Contrast with this conditions in the United States where investors give more attention to the surplus and the consequent probability of a regular income than they do to the cash yield. In the long run however, the increase of surplus should be considered and in the case of some Canadian banks it is considered. An increase of surplus sooner or later leads to an increase of dividend on the capital stock for which the cautious and conservative investor is usually quite content to wait.

Special Characteristics.

Before turning from the characteristics of securities of most interest to permanent or long time investors a few more points should be considered. The first of these is the fact that it is not necessary to clip coupons or keep a record of the dates on which interest is paid. The income from dividend payments is paid by check. It is quite unnecessary to go to the safety deposit box whenever the dividend is due. This convenience is worth considering. There is probably no special reason to expect that the income from bank stocks is or may be exempt from taxation. Indeed the practice of publishing a bank's list of stockholders is apt to make evasion of taxation quite impossible, at least if the local assessor is businesslike. Moreover it probably provides brokers who do not handle bank stocks with an unusual opportunity to discover the names of investors and possibly some of them take advantage of this knowledge to try to persuade the holders of bank stocks to sell out and invest in something with a higher yield or supposed greater safety.

The Market For Bank Stocks

As a matter of fact there is not much speculation in Canadian bank stocks and as a result the number of turnovers is rather slight. Canadian bank stocks are a fairly good investment for a hold—probably better than the public generally believes. There is always a certain demand for bank stocks for that kind of investor. It is always possible to get rid of a small number of shares. The market is decidedly better for bank stocks than for a great many industrials, though not as good as for the best railroad securities. As they are nearly all listed on the exchange they are probably more easily disposed of than many issues of municipal debentures.

Something depends, of course, on the volume of stock outstanding and the number of holders. Some bank stocks are very closely held either in a particular community or by a group of financiers. Some Canadian banks have been established for the purpose of assisting a particular section of the country. The stocks are not likely to be saleable in other sections. Moreover the capital stock issued may be so small in amount that the number of transactions is naturally limited. The following table showing the capital of the banks and the number of sales between Jan. 1 and March 15, 1917, makes it quite clear the sales vary with the amount of stock issued:—

Bank—	Capital	Sales
B. N. A.	$ 4,866,666	10
Commerce	15,000,000	1,941
Dominion	6,000,000	562
Hamilton	3,000,000	8
D'Hochelaga	4,000,000	1,051
Home	2,000,000	....
Imperial	7,000,000	723
Merchants	7,000,000	834
Molsons	4,000,000	355
Montreal	16,000,000	739
Nationale	2,000,000	4
Northern Crown	1,431,200	....
Nova Scotia	6,500,000	437
Ottawa	4,000,000	11
Provinciale	1,000,000	....
Royal	12,911,700	2,149
Standard	3,434,100	290
Sterling	1,266,600	....
Toronto	5,000,000	319
Union	5,000,000	272
Weyburn	632,200	...

Continued on Page 21.

THE BANK OF BRITISH NORTH AMERICA

Established in 1836
Paid-up Capital $4,866,666.66
Capt. J. Dodds, Secretary

Incorporated by Royal Charter in 1840
Reserve Fund $3,017,333.33
W. S. Goldby, Manager

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J. Anderson, Superintendent of Branches
O. R. Rowley, Superintendent of Eastern Branches
J. McEachern, Superintendent of Central Branches

CONDENSED BALANCE SHEET
30th November, 1916

LIABILITIES.

	1916
Capital	$ 4,866,666.66
Reserve Fund and Undivided Profits	3,355,140.24
Notes in Circulation	5,627,981.52
Deposits and Other Liabilities	53,936,169.53
	$67,785,957.95

ASSETS

Specie and Dominion Notes	$ 6,788,275.00
Notes of and Cheques on Other Banks	2,982,311.24
Call and Short Loans	5,777,783.80
Government and Municipal Securities and Other Bonds and Stocks	12,298,384.66
Current Loans, Discounts and Other Assets	36,252,399.22
Bank Premises	2,301,109.37
Deposits with Minister of Finance on account of Circulation	1,385,694.66
	$67,785,957.95

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

War-Time Increase in Canada's Savings

Rapid and Remarkable Development of Individual Funds Since August, 1914—A Reflection of High Wages and Good Prices for Agricultural Products—Something About the Systems Employed in Collecting Savings.

NOTHING more startling has occurred in Canada, since the war broke out in July, 1914, than the remarkable increase in savings. Indeed, we have astonished ourselves by rapidly increasing our individual accumulations of funds. This has happened, too, despite the high cost of living, our war taxes and domestic war loans. High wages and abnormally good profits in agriculture have had much to do with this condition. A somewhat detailed study of this saving propensity will doubtless prove instructive. The quantity of saivngs is in any case of interest to the banks, and to investors generally.

Deposits payable after notice have been growing throughout the whole of the half century of the history of the Dominion, but more especially in the last seventeen to twenty years, and most of all since the war broke out. The following table shows the average savings deposits for the calendar years since 1900.

SAVINGS DEPOSITS IN CANADA.

	(000's omitted)
1901	$221,624
1902	244,062
1903	269,911
1904	307,007
1905	338,411
1906	381,778
1907	413,014
1908	406,103
1909	464,635
1910	532,087
1911	568,976
1912	625,705
1913	626,199
1914	656,760
1915	690,904
1916 (*Jan. 1)	720,990
1917 (*Jan. 31)	864,163

(*At first of year)

In the course of fifteen years, savings held by the banks have been almost quadrupled, while savings in Government savings banks have declined, and those in postal savings banks have remained relatively stationary. This is due to the fact that since the Bank Act revision of 1890 a greater confidence in Canadian banks has developed. Moreover, the fact that savings accounts may in practice be used as ordinary checking accounts has been an important factor. The branch bank system has a representative in every community in Canada, in which a postal bank would be established by the Government, and thus encourages thrift. In this Canada has an advantage over the United States, for either the small American community lacks a bank altogether, or in too many cases the security afforded the depositor by a small national or State bank, or by a trust company, is much less than it ought to be.

War Time Savings

The growth of Canadian savings has been particularly rapid since the outbreak of war, as the following table shows:

SAVINGS DEPOSITS IN CANADA.

(000's omitted.)

	1914.	1915.	1916.	1917.
Jan.	635,135	666,960	714,264	864,163
Feb.	640,927	671,088	728,242	......
March	646,143	676,685	738,169	......
Apr.	653,679	686,075	748,359	......
May	663,945	691,891	765,064	......
June	663,650	683,761	767,598	......
July	671,214	691,731	789,363	......
Aug.	659,399	692,580	806,774	......
Sept.	658,401	693,339	816,374	......
Oct.	659,806	701,336	814,297	......
Nov.	665,994	714,219	836,593	......
Dec.	662,830	720,990	845,006	......

Early in 1914 savings were increasing month by month, reaching $671,214,000 in July. When war broke out there was a sudden decline, amounting to about $12,000,000, and it was only by very gradual recovery during the first six depressing months of the war that the July total was regained. Since that time there have been very rapid increases, varying from $1,000,000 to $21,000,000 a month. Only three declines have been recorded, and two of those occurred in the months immediately following the issue of the domestic war loans, first in December, 1915, amounting to $6,000,000, and another of $2,000,000 after the issue of the war loan in the autumn of 1916. A mysterious drop of about $8,000,000, which occurred also in June of 1915, may be explained by payment for war materials in the month of June.

The increase has been due to the prosperity of the country and the consequent possibility of accumulation. Payment for munitions workers began in 1915. Wages rose rapidly and unemployment disappeared. Later in the year payment for the bumper 1916 crop began at prices higher than usual, and this factor continued into 1916. In the latter year the rewards of munitions work became a still more important factor. High returns for many lines of manufacturing and extraordinarily high rates for ocean shipping added a certain amount to the total. One should not forget, too. that the railroads were so fortunate as to increase their earnings on increased traffic, while at the same time they did not deem it wise to spend much on the improvement and maintenance of plant.

Altogether the increase in the savings item in the bank statement has been the most favorable indication of the soundness of the Canadian position, and doubtless it has had much to do with the success of the war loans and with the decision to finance the war by means of loans within the Dominion.

Saving With Assistance of Government.

The Dominion Government supports two savings banks in Canada. The least important of the two is the "Government Savings Bank," which is under the control of the Finance Department at Ottawa. It receives deposits in a few of the larger towns and cities in the Maritime Provinces. The postal savings banks are rather more important, having grown almost regularly since Confederation. Indeed, the following table makes it quite clear that the business of the Government Savings Banks is declining, while that of the Post Office Savings Banks is growing. The maximum of deposits with the former was reached in 1888 at $20,682,025, and it has been declining regularly ever since. Meanwhile the business of the Postal Savings Banks has been growing with fair regularity. Indeed, the business of the Government Savings Banks is being merged with that of the Post Office for reasons of economy.

FUNDS AT CREDIT OF DEPOSITORS IN SAVINGS BANKS.

Year.	Postal.	Government.
1868	204,589	1,483,219
1875	2,926,090	4,245,091
1880	3,945,669	7,107,287
1885	15,090,540	17,888,536
1890	21,990,654	19,021,812
1895	26,805,542	17,644,956
1900	37,507,456	15,642,266
1905	45,368,321	16,649,136
1910	43,586,357	14,677,872
1915	39,995,406	14,006,010

The funds received by the Government in this fashion are regarded as a loan to the Government, and 3 per cent. is paid thereon. Before the war the Government could borrow money more cheaply elsewhere without incidentally the expense of making entries. Without considering the cost of maintaining a reserve, which the Government does not do, the cost for the money thus borrowed is about 3.62 per cent. Now that war loans sell at a higher yield, this provides cheap money, and as a consequence many depositors are withdrawing their credits from the savings banks provided by the Government and investing in war loans. As the system is intended for the poor, the cost to the Government is probably justified.

Private Savings Banks.

Trust and loan companies have to some extent performed the function of savings banks in Canada, especially by encouraging the deposit of money for periods of time or the purchase of time debentures. Sometimes they even pay interest on demand deposits, thus violating one of the fundamental principles of sound banking. In 1915 the deposits payable on demand were over $5,000,000, and deposits payable after notice amounted to over $3,000,000. Besides these, the Montreal City and Savings Bank, with deposits of over $2,000,000, and La Caisse d'Economie of Quebec, with deposits of $10,000,000, are well-known institutions which have been very successful in encouraging thrift in the Province of Quebec.

Savings Departments Banks.

The apparent absence of savings banks in Canada and the somewhat slow increase of the savings in the Postal Savings Banks may be explained by the fact that every branch of a Canadian commercial bank has, besides its loaning and general commercial banking functions, the function of assisting the people to save their money. A glance at the bank statement of the Government shows that the deposits payable on notice—that is, savings deposits or time deposits, are the largest single item, $836,000,000 having exceeded current loans in Canada since May 1, 1916. Indeed, these savings deposits are almost half of the total liabilities of the banks. Demand deposits amount to only about $500,000,000. These deposits bear interest at 3 per cent., and there is much criticism of the banks for not paying more. As a matter of fact, a large share of these deposits should really belong to the demand deposit account, since the accounts are in practice payable on demand, though they are supposed to be payable only after notice of a certain number of days. The banks must, therefore, keep on hand a considerable reserve behind these deposits and must provide a staff to do a considerable amount of bookkeeping that ought not to be required by a strictly savings account.

Experience shows that a rate of interest higher than 3 per cent. is likely to lead to trouble, for a bank can make up for higher interest on deposits only by accepting more risky loans at a higher rate of interest, or by maintaining an inadequate reserve, both of them rather risky expedients.

The savings banks departments are of great service to the country. In conjunction with the branch bank system, it provides for the collection of funds in communities which do not need a large amount of money for loans, and the use of those funds in districts which are making rapid progress, and which, therefore, need a large amount of capital. The loanable funds of the country are kept liquid even more so than if the savings of the country were in the hands of ordinary savings banks. The fact that these savings deposits are fairly regular in amount makes it possible for the banks to loan with a fair degree of assurance that they will not find their liquid assets inadequate to meet current liabilities.

Branch Banks and Customers

Borrowers Should Consider Their Claims to Credit on an Economic, Businesslike Basis—Sound Methods the Best Guarantee Which Can be Offered for Loans.

THE criticism and baiting of the banks is such a popular diversion of would-be borrowers and a few politicians that a reference to the subject is in order here. The first and by all means the most important charge against the banks is that the branch bank system diverts funds from the rural to the urban centres. A correspondent of THE POST says that "at the time of the money stringency of 1914 it appeared to some of us that the banks were withdrawing local aid in order to get quicker returns and more profitable liquid loans in some of the large centres. In that connection I think our banking system has a tendency to take the money from the rural localities to the large cities, to the detriment of the former, and I think steps should be taken along the lines the United States has adopted to help out their farming communities."

Branch Banking.

Canada has a very small number of banks, some of which are among the most important in the world. Each bank is really a combination of branch banks. This needs no elaboration before the Canadian public. The branch system supplies both savings depositors and borrowers with remarkably good banking facilities. Probably no other country in the world is so well equipped with efficient and sound banking facilities. Indeed, the branch bank system links all parts of the Dominion together, and is particularly valuable in coordinating domestic trade. Not the least of the advantages is that Canadian bank presidents and general managers are familiar with economic conditions all over Canada, and both they and their local representatives are particularly well qualified to give advice respecting business projects and prospects.

Some of the States of the American Union have passed laws permitting State banks to establish branches within the State. As a rule the branches are confined to one city, and they are in constant touch with the head office. For instance, they may have even a common telephone board. More recently by the Federal Reserve Act the United States has permitted national banks to establish branches abroad for the purpose of assisting foreign trade. Moreover, in a certain sense every member of a Federal Reserve bank is a kind of branch bank. In the United States, instead of being self-satisfied with their banking system, they are adopting and extending a system that will make credit more elastic along lines somewhat different from the Canadian system, yet more nearly like it than formerly.

Loans on Stock Markets.

The criticism of the call loans on stock markets made in Canada and in New York is due to misunderstanding. Loans on stocks and other securities in Canada are a third line of reserves. In case of tight money the banks always accommodate legitimate trade before they consider the interests of the security markets. They do not gain unduly high profits on call loans; indeed, call loan rates are low. But they do earn a certain return, and considerably more than if they were required to keep all of their reserves in cash.

A Secondary Reserve.

The loans in New York make it possible for the banks to loan in Canada more cheaply than otherwise, for instead of carrying all of their reserves in cash, the banks are able to make a small profit on call loans made out of a secondary reserve. As call loans abroad are promptly called when the funds are required at home, they provide a true secondary reserve.

Transferring Funds Where Needed.

The branch bank system has the additional advantage of transferring funds from districts where savings are great to districts where loans are required. Some branches are merely savings departments; others get few savings and make heavy loans. Nothing could be more advantageous for either type of community.

Banking Monopoly?

Borrowers, or rather would-be borrowers, are likely to charge the banks with monopoly whenever they fail to secure all the credit they may expect. The borrower least entitled to a loan is likely to make most of the noise. Banks are often anxious to loan, but they must loan on adequate security of saleable valuable goods of one kind or another, either commodities or securities, and, moreover, they must be able to realize on their loans on short notice. Commercial banks loan on short time paper rather than on mortgages or on other collateral that is not easily marketed. It is very interesting to note that out of 100 business bank customers circularized by THE POST only one indicated that he thought that he did not receive adequate credit accommodation. This suggests that those who cannot get all the credit they wish might profit by an intimate discussion of their business methods and problems with their banker. The recent conferences of bankers and farmers in Western Canada are following this line to advantage.

THE AMERICAN SITUATION.

C. J. McCuaig Believes U. S. Government Will Allow Fair Profit. a Fair Profit.

C. J. McCuaig, head of the firm of McCuaig Bros. & Co., Montreal, who has just returned from New York, says that he believes that we might look for a bull market in the United States. His reason for this is that the expenditure of several billions of dollars by the United States Government in the United States for war supplies will be a source of additional profit to manufacturing concerns. In other words, it will be all found business.

The Hatton Company of Montreal has let contracts for a large cold storage plant, four storeys and basement. The cost is estimated at $30,000.

MUNICIPAL BONDS

Dominion of Canada	5%	1937
Prov. of New Brunswick	4½%	1925
Prov. of Nova Scotia	5%	1926
Prov. of Saskatchewan	4½%	1919
Prov. of Alberta	5%	1925
City of Toronto, Ont.	4½%	1925
Toronto Harbor Comm'rs	4½%	1953
City of Quebec School Comm'rs	5%	1921
City of Montreal School Comm'rs.	5%	1945
City of Montreal, Que.	4½%	1951
City of St. John, N.B.	4%	1946
City of St. Catharines, Ont	5%	1936
City of Stratford, Ont.	5½%	1946
City of London, Ont.	4½%	1942
City of Galt, Ont.	5%	1955
County of Renfrew, Ont.	5½%	1918-27
County of Hastings, Ont.	5½%	1920-37
County of Welland, Ont	6%	1919-29
City of Fort William, Ont	4½%	1927

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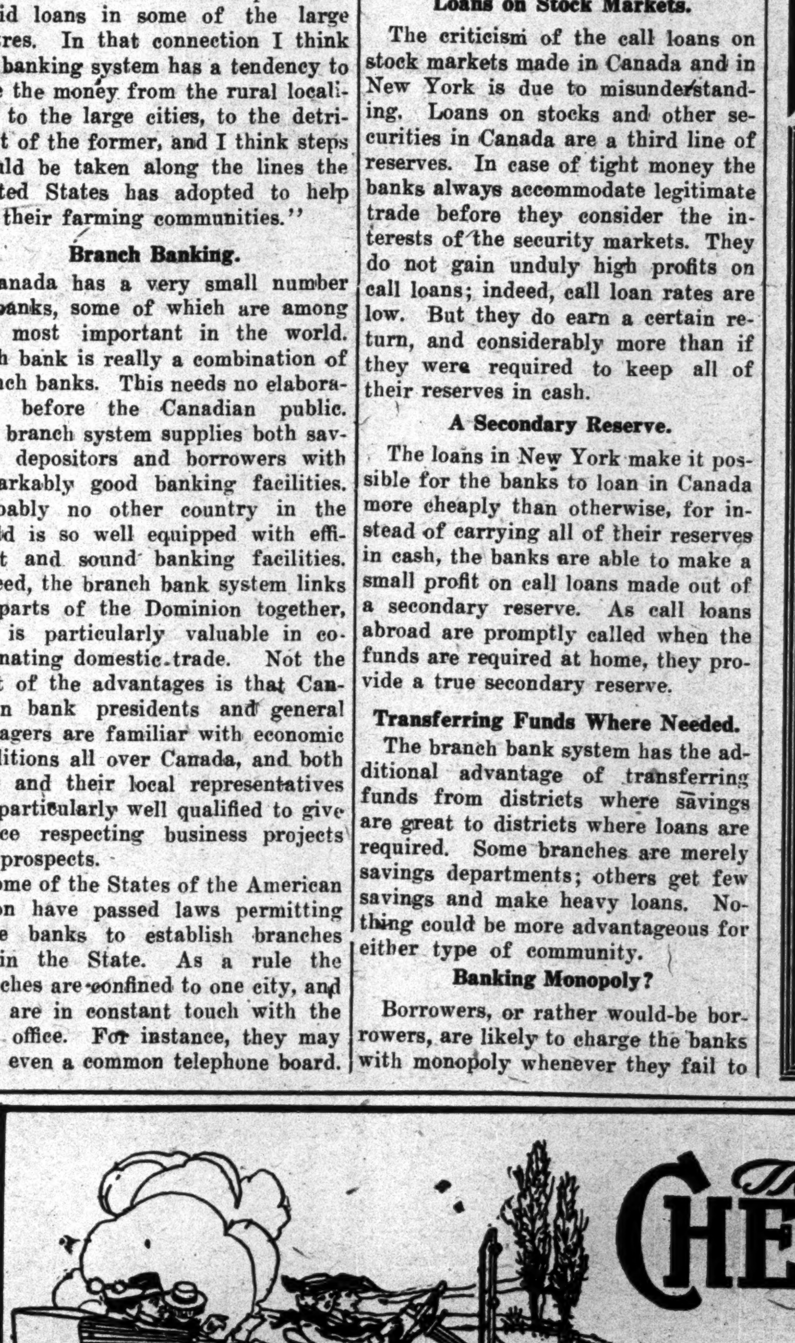

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Banks as a Factor in Agricultural Credits

Important That the Borrower Should Consider the Improvement of the Security—A System of Repayment of Loans by Instalment Would be a Big Step Forward—New Agricultural Credit Laws.

By W. J. Donald, Ph.D., Department of Economics, McMaster University.

NO one will doubt for a moment the validity of the statement that it is important to supply Canadian farmers with all the credit to which they are justly entitled. The high cost of living which is due to a considerable extent to the increase in the prices of raw materials produced in agriculture is of sufficient importance to the consuming public to warrant any sound and even radical action that gives fair promise of facilitating an increase in agricultural production. National interests including the prosecution of the war and the feeding of great Britain and her allies, are also serious. Furthermore, the interests of the farmer are well worthy of consideration. At all events, he should not be harnessed by any unnatural handicaps on his industry.

The question of agricultural credit is highly complex. One must first determine whether the agriculturalists receive all the credit to which they are entitled. Are they charged reasonable rates? What different kinds of credit based on what different kinds of security do they receive? Does the character of the security affect the rate of interest? Do farmers expect to get credit on security which they judge to be adequate, but which the lender rejects as insufficient? Does the form of the loan and the legal procedure affect the cost of the loan? Are there any methods by which the security might be improved? How could the process of securing a loan be simplified? How can the terms of the loans be improved?

To answer these questions is to perform a service for the investor or lender, as well as the borrower.

American Conditions

Much of the criticism of Canadian conditions has been inspired by criticism in the United States. It is assumed that if a problem really exists in the United States, then surely it exists also in Canada. Doubtless a credit problem does exist in that country. Apparently excessive interest rates, as high as 10 per cent., with a commission and additional charges for recording, etc., are frequent in the Western States, though exceptional in the east and north. In many sections the borrower has no opportunity to pay off any part of his principal before maturity and as a result the indebtedness remains undiminished at the end of the term.

Moreover, the investor usually wishes to be fully assured respecting the security of his investment. Many insist on having an intimate knowledge of the farm mortgaged, must be assured of the validity of the land title and usually wish to give attention to the upkeep of taxes and insurance. On the other hand, the investor, who does not have a personal knowledge of conditions and must rely on the representations of a third party, is subject to obvious disadvantages. He is also handicapped by the fact that a mortgage is not easily negotiated, is not as marketable, is not as convenient in denomination and terms, as are other securities.

Providing Adequate Security.

Loans vary in character according to the security behind them. Call loans are made on security of liquid stock market collateral which is stable in price. Banks make commercial loans on the basis of goods held by retailers for sale to consumers, held by wholesalers for sale to retailers, or by manufacturers for sale to the public.

On the face of it, they loan on notes of the person who holds the goods, but in fact they loan on valuable marketable goods. Insurance companies loan on first mortgages on land. Contrast with this the idea that credit is based on confidence. It is, of course, perfectly true that the lender must be assured that the borrower will act on good faith, that he will not destroy the security on the basis of which he has borrowed and that he will pay interest and taxes, as well as insurance. Fundamentally, however, the loan is made on the basis of valuable marketable goods of one kind or another, provided there is a reasonable assurance that the value will not be destroyed.

The persons who criticize the banks and other loaning agencies most severely are usually those who have not the valuable property on which a loan can be based. They take it for granted that a loan should be made them at the average rate of interest on security of their promises to pay back at some time in the future.

The writer is firmly convinced that the prevalence of false ideas as to the proper basis of credit is the cause of much of the criticism of loaning agencies of one kind or another. Let us take a few of the different kinds of loans provided.

Consider, first, loans on first mortgage, which are chiefly in the minds of farmers, and also the loaning agencies, when agricultural credit is mentioned. The manager of a prominent loan and mortgage company in Toronto told the writer that the loan companies are finding difficulty in placing their funds on first mortgages. More than once during the last three years the writer has had the same story from loan companies in Ontario. Doubtless conditions have improved in the last three or four years, but it is doubtful whether the loan companies were not always willing to loan on good first mortgage security at 7 per cent.

A good deal of misunderstanding probably exists over what is sound security for a first mortgage. The Toronto lender mentioned above quotthe writer 50 per cent. of a conservative valuation as adequate security for a loan, but he indicated that in some new and unproven districts 40 per cent. is a better estimate. The president of a Toronto bank may be quoted as saying that $800 can be loaned on first mortgage on a quarter-section homestead, even in Northern Alberta, and many loans of $2,500 have been made. But, of course, the loan cannot be made by private lenders until the borrower has the deed to the property.

Doubtless the farmers often expect much better consideration. Some of them expect to borrow on second mortgage at as low a rate as they could borrow on first mortgage, or they expect to borrow on first mortgage up to 80 or more per cent. of a liberal valuation. It is almost needless to say that the banks and other loan agencies never practise this idea. And it is worth noting that the new acts being passed by the Western Provinces provide for first mortgage loans not exceeding 50 per cent. of the value, and in the new Alberta law only 40 per cent. A loan on second mortgage is usually secured, when it can be obtained at all, from friends or from the person from whom the land was purchased.

There is no royal road to credit. The solution of that problem is for the farmer to save enough so that he can borrow a small amount of capital to work for him, and to help him save more. This is another way of saying that it is the first $1,000 that is hard to save. After that it is easier to borrow at 5 or 7 per cent. capital that will earn 10 or more per cent. The lender cannot be expected to lend on inadequate security, and an irresponsible, impecunious citizen, however good his intentions, has nothing to offer as security for a loan. It may not be out of place to repeat the suggestions that it is the class of persons who cannot provide adequate security for a loan who make most complaint about agricultural credit.

Short Term Loans to Farmers.

Canadian branch banks extend another kind of loans to farmers, namely, loans on security of property that is easily marketable, such as growing cattle, threshed grain, etc An admirable paper on "Rural Banking Credits," in the Grain Growers' Guide, and republished in pamphlet form, by Vere Brown, the superintendent of the Central Western branches of the Canadian Bank of Commerce, shows how considerately the banks deal with the farmers. The paper also is admirable in that it makes it clear that the farmer must provide good security for his loan, and it shows how that may be done successfully. Mr. Brown shows, for instance, how the adoption of mixed farming reduces the risk attached to loaning to farmers, and as a consequence improves the farmers' credit. The paper should be read very carefully by everyone interested in the subject.

Improving Security for Loans.

Enough has been said to make it clear that anything that helps to improve the basis of credit is likely to attract more credit for farmers. New and better methods of agriculture, conservative purchases of implements, mixed farming in the West, the elimination of speculation in land and grain, avoiding the purchase of too much land, carrying fire, hail and life insurance—all of these help. Let it be said that Western farmers should not expect the banks or the loan agencies to help them carry more land than they need or than they can cultivate properly. It follows naturally that anything the Government can do to improve the credit of the homesteader will assist agriculture. Nevertheless, the lender cannot loan on land, the title of which the would-be borrower does not hold.

Recent legislation in Saskatchewan and recent bills in Alberta and Manitoba provide for loan associations. There is not the least doubt that if a group of neighbors will back each other's loans, their individual credit will be improved. It is doubtful, however, whether Canadians or Americans will take to the co-operative feature of the agricultural credit systems in Europe. The idea was first adopted in Saskatchewan about three years ago, but the law has lain a dead letter. The United States has included this in its Farm Loan Act, and may thus handicap the operation of the Act. To my mind this should not be an essential but rather an alternative method. If the farmers will act on it, it will improve their credit by improving the security behind loans.

Simplifying the Machinery.

The supply of credit for farmers can be improved also by simplifying the procedure, both legal and economic. Mr. Vere Brown, in his paper, makes some suggestions to the effect that if the farmers would but ask the Dominion Government, the legal documents and form of recording, etc., might be simplified and the legal costs reduced. One idea implied in a system of government loans to farmers is that the Government will find it easier to secure funds. As a matter of fact, the Government of the Western provinces will probably find it difficult to borrow capital (at 5.50 per cent. at the least at present), pay costs of management amounting to 1 to 1.50 per cent., and even more, and then loan at cost for less than farmers now pay to loan agencies, such as insurance companies.

The treasurer of one of Canada's largest insurance companies says that much money is being loaned in the West at 7 per cent. Rates, according to this lender, are as a rule 7 to 8 per cent. Only exceptional loans are made at 9 per cent. The Provincial Treasurer of Alberta, Hon. C. R. Mitchell, has recently admitted that "in 1916 at Calgary the rural loans totalled $4,271,000; the number of mortgages was 2,350; the average rate was 8 1-3 to 8½ per cent. In 1913 the average rate was 8 1-3 per cent." When questioned as to the probable rate under the new legislation, he quoted 7 to 8 per cent. It may be safely estimated that the rates were lower in Saskatchewan than in Alberta, and lower in Manitoba than in Saskatchewan. It is interesting to note that the third Dominion war loan, which yields investors 5.40 per cent., costs the Government an additional sum for management connected with the issue. It is fair to assume that the provinces will have to pay at least this amount and probably more. Add to this an additional 1 per cent. for management (probably too low an estimate), and it will be seen that 7 per cent. for farm loans in the West under the new legislation is the lowest possible estimate.

The Function of Loan Companies.

In this connection it is worth mentioning the role that the various loaning agencies have played in the development of the country.

In former years and to a considerable extent even to-day, the farmers have harbored a somewhat evident antagonism toward corporations of every kind. Railroads were among the first to receive criticism, and all sorts of legislation was passed to control them. The criticism of loan companies at later dates became even more severe, owing in part to the general rise in interest rates and the higher incidental charges which it was necessary to make because of new burdens of taxation and higher fees. To some extent, doubtless, it was due to the indiscreet and unreasonable practices of a few lending corporations. Nevertheless there has been a growing understanding of the function of loan companies and a corresponding decrease in criticism. Something yet remains to be said in their favor.

This can scarcely be expressed more accurately than it was at the annual meeting of the Dominion Mortgage and Investments Association by Mr. A. D. Langmuir, of the Toronto General Trusts Corporation on March 26 as follows:—"The idea common in the public mind at times when agitation against lending agencies is most in evidence is that the lending corporations exact unnecessarily high fees and usurious interest rates on the funds which they handle. It has not yet been fully grasped that the corporations, especially of that class forming this association, are but the agents between a very large lending public composed of thousands of small lenders, who place their savings through them at the disposal at current rates of interest of those who can profitably make use of them. The borrower in mind is the one who desires a small loan to be used for productive purposes, and the one to whom the lending corporations have been of greatest service have been the farmer borrowers. He still regards, on the whole, the lending agency as being the absolute owner of the funds from which his requirements are met. That the money he obtains is but the accumulated savings of thrifty people, not only in his own locality in many cases, but elsewhere, either in the Dominion or abroad, has not been fully impressed upon him. The larger borrowers, as member corporations well know, are fully alive to this fact. They time their borrowings, if possible, so that they can take full advantage of easier terms when savings are abundant. It is extremely desirable, therefore, that the borrowing public as a whole should understand as fully as possible the functions of those lending organizations in obtaining funds from those who by thrift are able to accumulate them and to place them at the disposal of those who can make use of them productively, and thus be of benefit to their country." It remains to be seen whether governmental machinery can improve on these private agencies.

The Amortization Principle.

An important feature of loans to farmers is the opportunity they have of paying off the principal by instalments. It is ruinous for any country that its farmers should neglect to do this, or that they should be discouraged from doing it; that the farmers should spend on unnecessary implements or on a higher standard of living what should have been saved.

This principle the loan companies long ago recognized. The circular of one loan company before me, issued in 1881, advertises loans repayable instalments in 50 years, or in any number of years more than 10. A more recent (1917) circular issued by the same company offers long dated loans on the amortization plan, repayable in 10 years. Strangely enough, the experience of this company, which encourages farmers to adopt the plan, has been that the farmers have not been over-anxious to have their loans run for periods over twenty years, and legislation has been passed by the Dominion permitting them to pay off the principal after five years, with a bonus of three months' interest.

The new legislation, adopted first, in principle, in Sask., then in the U. S. A., Farm Loan Act, and now in the bills that are being passed in both Manitoba and Alberta, recognizes that the farmers should be able to pay not only the interest, but also some of the principal. This can be done by paying equal annual instalments of principle with a decreasing interest charge, or by paying equal annual instalments of the combined interest and principal.

This does not mean that the new Acts permit the use of a system which could not be used before, since the largest loan company in Canada is one which uses the amortization principle. This feature of the Western legislation is nevertheless commendable in that it will have the effect of educating the farmers and the country generally on this point.

Conclusion.

It is very doubtful whether the new agricultural credit laws will be put into operation or whether their operation will have much effect. Certainly the loan companies will not be put out of business. The farmers will probably now be more alive to the principle involved in the amortization plan, and the private loan companies will be glad enough to make the loans in this form, especially as the gradual repayment of a loan improves the credit of the borrower and permits a lower rate of interest. It remains to be seen whether the governmental machinery for gathering or securing capital will be able to loan at cost at rates lower than those offered by insurance companies and the familiar loan companies. There are those who are rather sceptical on this point.

BANK STOCK INVESTMENTS ADVANTAGES.

Continued from Page 19.

Closely associated with the marketability of a stock is stability of the market value. A small market is almost certain to be depressed by a small amount of liquidation. It would be difficult to get a large market for the securities of a small bank but on the other hand it may be fairly easy to find a market for well-known bank stocks. As a matter of fact the fluctuations in Canadian bank stock prices are rather moderate. It would be a mistake to rely too much on their saleability and stability of value but both are greater for certain well-known bank stocks than for many other securities, with the exception of our Government bonds. On the whole Canadian bank stocks are well worth consideration as investments, some of them for their yield and for a permanent hold; others for their marketability and possibly also for their returns.

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TORONTO BRANCH, A. B. Patterson, Manager

The Practical Service Rendered by Banks

To Facilitate Production and Exchange by Providing Credit is Most Important Function—Modern Features Include Business Co-operation, Care of Accounts, Investment Advice, Protection in Money Transfers, Etc.

THE chief function of the modern bank is that of facilitating production and exchange by providing credit for persons entitled to it. At one time banks did not loan money at all. Indeed they were paid to keep money safely. Under other circumstances the banks were money-changers, that is they were experts in knowledge of the coins of all the States of Europe or the East.

In recent years the service of the bank to the customer has developed along many new lines and the modern bank manager not only acts as a financier but in many cases he is bookkeeper and auditor, confidential adviser and guide and educator in the upbuilding of business on safe lines.

Loaning was at first only a subsidiary function of the banks. The bank could loan only its own capital. Ultimately however it began to appear that depositors did not withdraw their funds all at once and that the deposits could be loaned with safety. Of course, it also became apparent that it would be quite possible to extend credit on security beyond the limit of the capital of bank plus the funds deposited. It was evident too that a bank could loan its own capital and that it could loan a large percentage of the funds deposited. Experience ultimately proved that a certain reserve of cash, equal to 10 per cent. for instance, would be sufficient to meet all day to day demands for cash payments. Thus with a capital of $1,000,000 paid up, and deposits of $1,000,000, a bank might loan $20,000,000 and yet have a safe reserve of 10 per cent.

The bank's loan would probably take the form of a credit account for the borrower who would of course draw upon the account from time to time in order to make payments. Particular borrowers might however, wish to have their loan in the form of the bank's notes which circulate as cash. Thus out of the loaning function of banks, and entirely, subsidiary to it, has grown the relatively unimportant function of note issue. Bank notes are important only as one of the forms in which banks extend their credit.

An Old Function Modernized.

The counterpart of the former function of protecting the funds of the bank's customer is to be found in the modern banking system. We are all familiar with the safety deposit vault in which valuable documents may be stored for safe-keeping. In many communities no adequate provision would be made for this service, for which a charge is made, if the banks did not meet the need. Much more important however is the protection that banks give their customers by offering the services of the savings bank department with its 3 per cent. of interest.

The bank manager is doubtless too, the best source of advice respecting the investments of his customers. There is no other person in the community better qualified to determine the soundness of loans. He is trained to do that very thing. It must be evident of course that the investor in securities is loaning his money, and one would scarcely need to argue that many investors are very poor judges of investments. As a matter of fact every branch manager of a Canadian bank would gladly give advice respecting investments and if investors availed themselves of this form of banking service there would be fewer losses to report.

In view of the well-known reluctance of the average investors to consult the nearest investment specialist, his banker, it may not be amiss to suggest that the bank's time-worn function of protecting the funds of its clients, should take the form from time to time of advising them in print in the local newspaper to invest in specific approved kinds of securities, when an American bank urged its clients to carry sufficient insurance it was performing just such a protecting service.

Advantage of Checking Accounts.

A service that all banks afford the public, sometimes at considerable net expense, is the privilege of carrying a checking account. In a sense the bank does the depositor's book-keeping free of charge and renders a statement as often as required.

Obviously this service is provided with the expectation that the depositor will carry a large balancee either at once or at some time in the future, or that he will become a borrower. If the staff of the bank is otherwise not fully employed the additional work of carrying the account costs little or nothing. But if the balance is usually low, as it often is for many depositors use the bank as a meree book keeper, and if it calls for a larger staff then these accounts are carried at a loss and some Canadian banks make a practice of charging a small and insufficient sum for the service. On the whole this service probably costs the banks more than it is worth to them. Indeed it is one of the serious problems of banking. Thee advantage lies chiefly in the connection made and the prospects for business.

The Modern Money Changer.

Without attracting to the Foreign Exchange Departments of modern banks any of the stigma that was connected with the money changer of a few centuries ago, one may easily observe that the banks are performing a valuable service to business men in this connection. Should a Canadian firm ship a bill of goods to France or Russia he will ultimately wish to receive his payment, but he certainly does not want to receive it in French francs or Russian roubles. He wishes to avoid having the gold shipped to him in any form. Other dealers may owe money in France or in Russia sufficient to offset the indebtedness to the Canadian firm. The foreign exchange departments of banks translate foreign indebtedness into dollar terms and by handling the foreign exchange of the whole country, by equating credits and debits so far as possible, perform a great service to international trade in general and export and import trade in particular.

Protecting a Bank's Loans.

If it is conceded that a bank's loans are its chief concern, and the concern of the borrower, then clearly service to the borrower is especially important. A bank's advice or assistance on business methods is valuable not only to the business man who needs it, but who may either welcome or resent it, but also to the bank which by improving the business practice of the borrower, reduces the chances of business failure and thus protects its own interests. Moreover in the course of time the borrower will be entitled to more credit at a lower rate of interest.

Business Building Bureau.

An illustration of what a bank may do in the interests of its customers and itself is afforded by the case of a National bank in St. Louis which has established a bureau for preaching business efficiency to its customers. This bureau aims to be a clearing house of information respecting all successful business practice especially on the subject of profits for retail merchants and increased efficiency in retail merchandizing.

As a matter of fact there is great scope for work of this kind. Business efficiency is the crying need of North America statistics of business mortality point to the fact that every year thousands of firms go to the wall through lack of proper knowledge of business methods and principles. The solution of this problem is business education and probably no institution other than the bank has as great a chance to bring this necessity home to the business man.

The banker is of necessity concerned with the business problems of every one of his clients. He is a sort of father-confessor to every business man who comes to him for a loan. He knows the strength of each man's business. He knows his difficulties. He is familiar with the tendencies that have made failures and those which have made for success. The vast fund of knowledge and experience about business methods which he has accumulated should be put at the service of the man whose problems are as yet unsolved.

Doubtless many banks give such advice gladly when it is asked for. It is interesting to note how at last one institution is institutionalizing this service into a formal department and profitable to consider the probable expansion of the idea.

Banks and Business Practice.

Canadian banks exercise a valuable influence over business methods in Canada. The general practice of requiring the borrower to present his annual statement is in effect requiring him to show that his business is on a sound foundation and properly conducted. Practically all borrowers know that if they do not exercise due intelligence, adopt the latest progressive methods, and pay their debts promptly, their credit is certain to be curtailed.

But it is undoubtedly true that banks in order to protect their own interests and in order to assist their clients, do give advice and even require that before a loan is granted certain steps must be taken by the borrower. For instance it is generally known that the banks often insist that a business firm shall insure to its benefit the life of an important member of the firm or an important employee. This is done not only to protect the bank, but also because it is good business practice.

Business efficiency and scientific management are terms which are now quite popular and justly so, but their application is unfortunately not universal. That the banks heartily approve of their introduction is shown by a recent Canadian case. A Canadian munition firm received from its bank the suggestion that its credit would be improved by the employment of a firm of experts to reorganize their system of management and accounts. The firm was not slow to recognize the implied threat. And a discussion of the defects discovered and remedied would prove interesting reading. The bank did not of course provide the experts but it did make the original suggestion. Similar advice to many firms would doubtless prove valuable.

Banker's Advice Valuable.

The assistance and advice that might be secured from any bank manager is usually underestimated. As a matter of fact the banks would be only too glad to loan on sound security to a progressive business man. Many persons, farmers for example, avoid borrowing as something certain to lead to failure. If they would consult the local bank manager, they would probably learn how they might make profitable use of borrowing capital without unusual danger of loss. Retailers are likely to learn from their bankers something of the fundamentals of successful merchandising and manufacturers might learn from them, their first lessons in cost accounting. In most communities the banker is the only "business expert." It is regrettable that there is not a greater tendency to turn to him for advice at all times rather than for additional and unwarranted credit in times of adversity.

CHAIN STORES IN U.S.

Five Great Systems Were Recently Brought Under One Control.

The five great systems of chain grocery stores recently incorporated under the name of American Stores Co. operate a total of 1,223 stores. On January 1, 1913 the various companies were operating a total of 753 stores, so that in the last four years the number has been increased approximately 62 per cent. or at the rate of 117 new stores each year. All the companies now purchase their supplies direct from manufacturers or importers. Three of them operate bakeries having a total capacity of about 2,000,000 loaves of bread and 25 tons of cake per week.

The Robinson & Crawford Co. was founded in 1891 with one store and during the earlier years of business one store was added yearly. Later growth, however, was much more rapid and on January 1, the company had 186 stores in operation. Company's warehouse and general office are located in Philadelphia and the entire property is owned by the firm. Buildings are comparatively new as they were completed in the early part of 1914 and are of modern steel and concrete construction.

The Bell Company had its beginning with one store in 1890, opened by James Bell and one store in 1898 by John Eagleson. In 1905 when Bell was operating 28 stores and Eagleson 11 the business of these two men was consolidated. In December 1915 the company acquired by purchase 71 stores operated by the Wm. Butler Co. and at present has 214 stores in operation. In addition to a general line of groceries, 67 of the stores have departments for the sale of meat. The company owns and operates a large modern bakery with a capacity of 400,000 loaves of bread a week as well as warehouse, electric power and lighting and cold storage plants.

Childs Co. was started in 1883 by S. C. Childs with one store in Camden, N.J. In 1891, 11 additional stores were added and at present 268 stores are in operation. The company owns a large warehouse in Camden and is constructing a baking plant which is expected to be in operation about May 1.

The George M. Dunlap Co. was started in 1888 with one store. In 1904 there were 43 stores being operated in Philadelphia, Camden and nearby points, and to-day there are 122 stores in operation, four of which are for the sale of meat only, the others handling a regular line of groceries.

Acme Tea Co.'s first store was opened in 1885. The company now operates 433 stores located in 80 cities and towns as well as a large warehouse. Bakery recently erected has a capacity of 1,000,000 loaves of bread and 20 tons of cake a week.

COMPENSATION ACT.

Executive Officers May Not be Included Under Legislation.

One of the changes in the Ontario Workmen's Compensation Act effected by amendments passed at the last session of the Legislature, applies to executive officers. In the case of incorporated companies, employers formerly were covered under the Act if circumstances warranted it, but no mention was made of executive officers of such companies. An amendment provides that on special request of the company these officers will be placed on the same footing as employers.

CUNARD LINE BONUS.

Directors Consider Two Ways of Cutting Melon for Stockholders.

Directors of the Cunard Line are considering the cutting of a melon for stockholders. Two plans are under consideration, (1), dividend from a distribution of assets, such as paid-up shares, debentures, or debenture stock of subsidiary companies and government securities; (2), capitalizing undivided profits of the company available for dividend, including the whole or part of the amount for the time being standing to the credit of reserve funds, and the profit and loss account; additional stock to be distributed as a bonus to stockholders. Last year the Cunard Line paid 10 per cent. regular dividend, and 10 per cent. extra dividend.

WE OFFER

$50,000

United Cigar Stores, Limited, of Canada

7% Cumulative Preferred Stock

CAPITALIZATION

No Bonded Indebtedness and no prior liens or mortgages

	Authorized	Outstanding
7% Cumulative Preferred Shares	$1,800,000	$1,380,000
Common Shares - -	$2,000,000	$2,000,000

Par Value of Shares—$5.00

W. B. REID, President. L. W. FRASER, Vice-President.
P. TILSTON, Sec.-Treasurer.
H. STUART WATTS. A. G. DAWSON

PRICE: Par, carrying a Bonus of 25% Common Stock

THE UNITED CIGAR STORES LIMITED OF CANADA is the largest retail distributor of Tobaccos, Cigars and Smokers' Requisites in Canada.

THE COMPANY HAS 112 STORES and Sub-branches in operation in twenty-nine cities and towns throughout Canada. Fifty-one new stores will be opened during the year.

THROUGH SUBSIDIARY CORPORATIONS the Company owns Cigar Factories employing 800 people, capable of an annual production of 24,000,000 cigars. The 1917 output is estimated at 30,000,000 cigars.

ESTIMATED EARNINGS FOR 1917 represent slightly more than 13% on the outstanding preferred stock.

A. H. MARTENS & COMPANY
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Investments of Canadian Life Companies

Feature of the Past Year Has Been the Opportunity to Secure Government Securities at Exceptionally Favorable Terms as Regards Permanency of Investment and Yield Rate—Mortgage Loans Have Been Much More Difficult to Secure, and Policy Loans Are Discouraged.

By E. M. Saunders, Treasurer, The Canada Life Assurance Co.

THE investment feature of the past year has unquestionably been the exceptional opportunity afforded for the investment of insurance funds in high-yielding government bonds. The bond and debenture investments of insurance companies have been confined almost exclusively to these securities, which have been bought to yield from 4.40 per cent. to 7.00 per cent. These bonds have practically monopolized the market, the amount of provincial and municipal issues being few, and the rates not as attractive. The government securities have the advantage of high yield, and they are spread over a long term of years, being thereby doubly attractive to insurance companies.

Mortgage Loans.

The mortgage field for investment during the past year has been practically confined to Western Canada.

Table illustrating five-year change in the average percentage holdings of the eight largest Canadian life companies in the three principal forms of investment.

	Mortgage Loans	Stks., Bds. & Debs.	Policy Loans
1912	43.4%	33.4%	12.3%
1913	44.7%	30.7%	13.6%
1914	43.0%	30.7%	14.6%
1915	40.1%	33.1%	14.8%
1916	37.0%	38.7%	14.2%

On account of conditions in the East, there was little or no opportunity for investing in this part of the country. Building operations were at a standstill, and there was no demand for farm loans.

Up to the declaration of war, demand in the West was fairly active, and insurance and loan companies found a ready outlet for funds, on which they received rates varying from 7 per cent. to 8 per cent. Start-with the declaration of war, however, demand fell off until at the present time the situation is such that loaning companies are finding difficulty in placing funds to advantage. The reason for the falling off is due to the fact that conditions are not normal. Farmers have had one or two prosperous years. Many have paid off their mortgages in full; others have reduced their loans; and those who contemplated extending their operations, improving their equipment and adding to their buildings, are postponing action until the situation is better.

With the declaration of peace, and allowing a margin for readjustment, an active demand, which the insurance and loan companies may find it difficult to meet, is to be confidently expected.

The present lack of demand for mortgage loans is evidenced by the large balances carried over by the loan companies at the end of the year. Another condition that exists, and has had a tendency to discourage loaning, is the number of moratorium bills passed by the Western legislatures. These are having a serious effect, and are making loaning companies disinclined to invest in this class of security. Unless they are changed, they will seriously retard the development of Western Canada.

Policy Loans.

During the past year, borrowing on policies has not been so extensively resorted to, due largely to the efforts of the insurance companies to discourage borrowing for non-legitimate purposes, such as speculation or the making of investments.

Effect of Rural Credits.

It is a little too early to predict what effect the introduction of the rural credits system will have on the loaning field in the West. My impression is that it is not the intention of the provinces to interfere with the business of the established companies operating in that field, and I question very much whether they will likely extend the system to the extent of seriously interfering with existing condition. Nor is it wise that they should do so, for any farmer is able to borrow from reputable loaning companies to-day at what might be considered current rates, viz., 7 per cent. in Manitoba and 8 per cent. in Saskatchewan and Alberta, these being practically the same rates as prevailed before the war.

In the tables which accompany the foregoing article, and which have been compiled by THE FINANCIAL POST, the trend of insurance company investments is plainly set forth. The eight companies with assets over $10,000,000 are quoted for five years, and companies with assets from $1,000,000 to $10,000,000 for two years. The summary in the case of the eight largest companies is interesting. It shows that, while mortgage loans have dropped from 43.4 per cent. to 37 per cent. of the total assets, stocks, bonds and debentures have increased from 33.4 per cent. to 38.7 per cent. Policy loans, which increased from 12.3 per cent. in 1912 to 14.8 per cent. in 1915, have declined by .6 per cent. during 1916.

TABLE ILLUSTRATING THE CHANGE IN FIVE YEARS IN THE PROPORTIONATE AMOUNTS OF THE THREE PRINCIPAL INVESTMENTS OF THE EIGHT CANADIAN LIFE COMPANIES WHOSE ASSETS EXCEED TEN MILLION DOLLARS.

		Mortage Loans	Per Cent. of Assets	Stocks, Bonds, and Debentures	Per Cent. of Assets	Policy Loans	Per Cent. of Assets
Canada Life—	1912.........	$16,856,726	34.7%	$19,370,768	40.1%	$6,975,018	14.4%
	1913.........	19,080,829	36.6%	18,299,716	34.8%	7,901,648	15.1%
	1914.........	20,496,155	36.5%	18,103,071	32.3%	9,028,482	16.1%
	1915.........	20,760,868	36.9%	18,713,869	33.3%	8,957,080	15.9%
	1916.........	21,127,217	35.6%	22,071,349	37.2%	9,102,255	15.3%
Confederation Life	1912.........	6,030,356	34.9%	6,216,329	36.0%	2,283,104	13.2%
	1913.........	6,555,272	35.5%	5,892,071	31.9%	2,652,464	14.3%
	1914.........	6,760,855	34.1%	6,490,574	32.7%	2,921,309	14.7%
	1915.........	6,716,313	32.6%	6,918,897	33.6%	2,999,088	14.6%
	1916.........	6,390,236	29.6%	8,710,229	40.4%	3,193,059	14.8%
Great-West Life—	1912.........	8,656,616	70.6%	641,325	5.2%	1,454,482	11.8%
	1913.........	10,164,885	70.7%	563,321	3.9%	1,902,283	13.2%
	1914.........	11,640,494	69.5%	568,478	3.4%	2,318,002	13.8%
	1915.........	12,201,765	60.7%	2,513,277	12.5%	2,752,322	13.7%
	1916.........	12,995,437	59.8%	3,589,475	16.5%	2,988,504	13.7%
Imperial Life—	1912.........	5,577,617	68.5%	722,968	8.9%	801,940	9.8%
	1913.........	6,057,479	66.5%	973,951	10.7%	1,051,976	11.5%
	1914.........	6,201,778	60.1%	1,289,888	12.5%	1,444,619	14.0%
	1915.........	6,072,979	52.4%	2,465,810	21.2%	1,656,217	14.3%
	1916.........	5,806,078	44.7%	3,988,449	30.7%	1,786,406	13.7%
Manufacturers'—	1912.........	7,770,173	48.1%	4,762,318	29.5%	2,088,456	12.9%
	1913.........	8,625,726	49.1%	4,780,706	27.2%	2,559,004	14.5%
	1914.........	8,893,541	46.3%	5,428,274	28.3%	3,061,248	15.9%
	1915.........	8,755,513	42.2%	6,497,543	31.8%	3,369,093	16.2%
	1916.........	8,529,924	37.6%	8,859,261	39.0%	3,481,564	15.3%
Mutual Life—	1912.........	11,051,716	55.0%	5,058,053	25.2%	2,527,162	12.5%
	1913.........	12,141,123	55.5%	4,791,375	21.9%	3,052,557	13.9%
	1914.........	13,270,853	54.6%	5,794,827	23.8%	3,529,011	14.5%
	1915.........	14,398,500	54.5%	6,155,669	23.3%	3,840,226	14.5%
	1916.........	14,999,079	51.1%	8,292,106	28.2%	4,022,377	13.6%
North American—	1912.........	4,152,410	31.4%	6.559,407	49.6%	1,672,629	12.6%
	1913.........	4,805,040	34.2%	6,313,413	44.9%	1,980,979	14.1%
	1914.........	4,739,210	31.7%	6,829,764	45.7%	2,290,578	15.3%
	1915.........	4,645,515	29.4%	7,452,411	46.6%	2,410,577	15.2%
	1916.........	4,454,375	27.1%	8,726,187	53.0%	2,366,228	14.4%
Sun Life—	1912.........	2,141,721	4.3%	36,268,546	73.1%	5,655,721	11.4%
	1913.........	5,242,663	9.3%	39,709,093	70.7%	6,746,290	12.0%
	1914.........	7,460,823	11.5%	43,217,082	66.8%	8,074,048	12.5%
	1915.........	9,292,326	12.5%	46,937,564	63.1%	10,257,724	13.8%
	1916.........	8,791,408	10.6%	53,638,242	64.6%	11,070,293	13.2%

Insurance Anomalies

(Agents' Bulletin, Mutual Life)

THOSE who require the most protection, in many cases, can secure the least. If we take two men each earning the same salary, the one who has the larger number of dependents will be the one who can carry the smaller amount of protection. In other words, where insurance is most needed, it is least available.

We can meet this anomaly, in part at least, by recommending a plan of insurance most applicable to the needs of each of the two families—but nevertheless life insurance is one of those things much to be desired, but which cannot be had except by paying the price. But if one cannot afford all the protection he may require, then let him take as much as he can reasonably carry.

In this connection may we not ask if there is not too much effort being expended on writing big policies. We are adjured to "think big." All right, so we should, but we should not overlook the plain everyday man with moderate means and a family who needs more, but can afford only a $1,000 or $2,000 policy. Many an agent in an effort to write one big case passes by a number of small ones—cases in which a policy for a thousand dollars of insurance would mean more perhaps than the famous $2,500,000 contract that was written the other day would signify to that policy-holder. Write the big ones, but do not forget the average man.

But this is only one of the anomalies. Here is a man in robust health, who has in all probability a long term of years ahead of him. Any insurance company would bid him welcome if he had the means as well as the health. His neighbor, however, is delicate, has a poor family history, and several other things, including a number of dependents. This man requires insurance far more than his robust neighbor, but he cannot obtain it, except perhaps at prohibitive rates. This case might be met, too, by recommending insurance on the endowment or some other plan, but this gives only minimum protection at maximum rates and the situation of this man merely shows that even the beneficent system of life insurance has its limitations, and it means, too, that we cannot urge too strongly the necessity of taking a policy while good health lasts.

Table illustrating the five-year change in the three principal forms of investment of Canadian life companies having assets from one to ten million dollars.

	Mortgage Loans	Bonds and Stocks	Policy Loans
Continental—			
1912	$389,930	$375,287	$111,363
1913	446,450	419,557	154,600
1914	471,491	505,086	210,950
1915	539,609	539,707	249,787
1916	545,293	764,699	270,721
Crown—			
1912	428,046	205,578	170,170
1913	586,113	165,087	229,996
1914	658,690	267,367	273,787
1915	581,667	306,730	327,367
1916	......	......	......
Dominion—			
1912	2,298,157	188,552	171,145
1913	2,659,406	172,185	202,677
1914	2,929,371	177,036	251,611
1915	3,036,160	197,237	277,286
1916	3,015,565	405,563	285,712
Excelsior—			
1912	2,207,398	52,100	230,244
1913	2,364,744	49,285	284,548
1914	2,221,798	50,130	351,920
1915	2,048,854	67,665	405,685
1916	2,030,060	279,875	433,646
London—			
1912	3,339,754	241,274	213,003
1912	3,775,036	262,247	270,091
1914	4,129,537	417,694	361,952
1915	4,087,129	983,963	475,659
1916	3,859,886	2,052,047	559,218
National—			
1912	....	1,469,489	263,496
1913	....	1,583,901	365,224
1914	....	1,794,020	474,534
1915	....	2,127,438	526,846
1916	....	2,527,992	538,887
Northern—			
1912	1,022,102	425,510	152,221
1913	1,116,025	431,919	203,407
1914	1,348,812	437,923	253,728
1915	1,398,172	493,917	313,094
1916	1,414,800	780,073	334,540
La Sauvegarde—			
1912	188,014	95,134	33,795
1913	166,885	254,526	49,151
1914	174,055	379,060	56,540
1915	164,708	459,497	73,830
1916	......	......	......
Sovereign—			
1912	439,216	337,362	123,696
1913	475,781	295,742	161,900
1914	564,753	260,493	196,241
1915	591,748	262,807	193,949
1916	576,967	469,713	198,669

Again, men willingly take out life insurance, but shun annuities; yet it is just as necessary that a man should protect himself and his wife against the weaknesses and disabilities of old age as it is that their children should be protected. Indeed, if one does not secure his own old age against want, he will probably be a burden upon his own children or other relatives. It is a peculiar fact that in this country so little interest is taken in annuities and so much in insurance. Many a good man is striving by all kinds of self-denial to pay a liberal life insurance premium, who at the same time is himself walking straight toward a penniless old age. This is another of the anomalies of life insurance. Most men gamble on the chance of death outrunning old age.

Annuities do not appeal to many, because in the event of death they would lose the principal. In an annuity the individual takes the risk of death and the company takes the risk of the annuitant living. In case the prospect has impaired health the risk is too great for him to carry, but this can be met by granting impaired lives a larger annuity than healthy lives, or by guaranteeing a total return equal to the capital invested.

In fact, if life companies endeavored to make annuities as attractive as they have made life policies there would be a great demand for them. Canadians have been in the habit of doing their own investing at good rates of interest, but many would now prefer to let the insurance companies with their expert knowledge attend to that and fall back on an annuity.

YIELD RATE LOWER.

Last Year Insurance Companies Earned Slightly Less on Their Investments.

The changing character of insurance company investments during the past three years has had its effect on the interest rate earned. The fact that mortgage loans have not been increased, and that the bulk of the money accumulating for investment has gone into bonds, has naturally caused a reduction in the average rate. For purposes of comparison, THE POST has selected the rates supplied to the Government by seven of the largest Canadian life companies, and, comparing these with the rates in previous year, has obtained the following interesting result:—

	1912	1913	1914	1915	1916
Company A	5.57%	5.74%	5.76%	5.69%	5.85%
" B	5.75%	6.00%	5.98%	5.89%	5.71%
" C	6.43%	6.59%	6.77%	6.63%	6.53%
" D	6.09%	6.18%	6.35%	6.63%	6.76%
" E	5.83%	6.03%	6.12%	6.09%	6.05%
" F	7.92%	7.92%	7.93%	7.64%	7.58%
" G	6.83%	7.15%	7.00%	6.84%	6.73%
Average rate	6.35%	6.52%	6.57%	6.49%	6.47%

It will be noted that five of the seven companies show a decline from 1915, though in most cases the loss has not been great. As a rule the companies, which enjoyed the highest yield rates in the past, have suffered the decline, while the company with the lowest yield is one of the two that experienced an advance. The average yield is still in excess of that earned in 1912, though under the rates in 1913, 1914, and 1915.

Vice-Consul G. H. Krogh at Rotterdam, the Netherlands, reports that a market for Southern pitch pine can be developed in that country, as the shipments from Russia and Germany have stopped.

Stocks of European pianos in Sao Paulo, Brazil, have been replaced by instruments of American make. This is attributed not only to the war, but to the superiority of the American instruments.

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ASSURANCE COMPANY
Head Office, WINNIPEG

Progress First Quarter 1917

New Business Issued - - -	Increase Over 75%
Premium Income on New Business -	Increase Over 100%
Premium Collections - - - -	Increase 50%

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Safeguards Round Business of Insurance

An Explanation of the Regulations Enforced by the Dominion Government Which Render Life Insurance One of the Safest, if Not the Very Safest Forms of Investment Which a Man Can Make—Impossible for a Policyholder to Lose a Dollar in a Government-licensed Company.

THANKS to the effective steps which the Dominion Government has taken, there is no investment which a man can make more secure than life insurance. So complete are the safeguards thrown around the operation of those companies operating under licenses granted by the Government that it is practically impossible for a policy holder to lose a dollar of the face value of his policy.

Not only is a standard of solvency prescribed, but through a system of Government supervision, care is taken that the companies conform to the established standard. This supervision is carried out by the Dominion Insurance Department at Ottawa, which is officered by men who are experts in the insurance business.

While the law is strict and supervision is close, yet these safeguards are really unnecessary in the case of the great majority of the life companies, for most of them are ably and conservatively managed. It is, however, an advantage to have the seal of Government approval on the operations of any company and policyholders are naturally better satisfied to have it so.

The following are some of the outstanding regulations governing the life insurance business in Canada, as set forth by one of the foremost authorities on the subject:—

All Companies Licensed.

In the first place our insurance laws require that before a life company can transact life insurance throughout Canada, it must obtain a license from the Dominion Superintendent of Insurance. Before the superintendent can issue or renew a license he must satisfy himself that the requirements of our laws have been complied with and that the company is in a condition to meet its liabilities. All outside companies must maintain assets in Canada equal to their liabilities in Canada, except in respect of policies issued prior to March 31, 1878.

Another requirement of our insurance laws is that an annual statement must be filed each year with the Insurance Department, under oath, showing in detail the assets and liabilities, income and expenditure, and other information deemed necessary by the Insurance Department. Two half-yearly statements must also be filed showing the securities held at the end of June and at the end of December of each year. By a yearly inspection of each company, the experts of the Insurance Department must verify the correctness of the statements filed, and see that the correct figures are published in the annual report of the Superintendent of Insurance.

Special Examinations.

If deemed necessary, further examination may be made into the affairs of a company, and its books must be open for the inspection of the superintendent, who has the power to examine under oath the officers or agents of the company.

Once every five years, or oftener, the superintendent must value by the net premium method all the policies of the Canadian companies and all the Canadian policies of the other companies licensed to do business in Canada. The basis of valuation is the Om (5) Table of Mortality and 3½ per cent. interest. If any deficiency in assets is shown by this valuation it must be made good, or the license will be withdrawn. The superintendent also has power to visit the head office of any outside company, and examine into its condition and affairs.

The superintendent, or any officer or clerk under him, must not be interested directly or indirectly as a shareholder in any insurance company doing business in Canada. All amalgamations of companies, and transfers of business, must have the sanction of the Government. If policy holders representing one-fifth of the total amount of insurance in a company object to the amalgamation or reinsurance of its business, the Government must withhold its sanction.

Investment of Funds.

All salaries, directors' fees, etc., must be authorized by a vote of the policyholders in a mutual company, and by a vote of the shareholders and other members, if any, in the case of a stock company. The superintendent of insurance must see that each company's investments are such as comply with the requirements of the Insurance Act. Canadian companies are permitted to invest in the following securities:—

(a) Government, municipal, or school corporation bonds without restriction.

(b) Bonds secured by mortgage on real estate or other assets of the company.

(c) Debentures of a company which has been doing business for not less than three years and which has not made any default in payment of interest within the period of three years from the date of the investment.

(d) Preferred stocks of any company upon which regular dividends have been paid for not less than five years preceding the investment, or the stocks of any company which are guaranteed by a company which has paid regular dividends upon its preferred or common stocks for not less than five years preceding the purchase of said guarantee stock, providing that the amount of stock so guaranteed is not in excess of 50 per cent. of the stock of the guaranteeing company.

(e) The common stock of any company which has paid regular dividends of at least 4 per cent. for seven years preceding the purchase, provided that not more than 30 per cent. of the common stocks and not more than 30 per cent. of the total issue of the stocks of any company shall be purchased. Investment in its own shares of the shares of another company is prohibited.

(f) Ground rents, mortgages, hypothecs on real estate in Canada or alsewhere, where the company is carrying on business.

(g) Life or endowment contracts of the company, or of any other life insurance company licensed to do business in Canada.

Lending of Funds.

The companies may lend their funds on the security of:

(a) Any of the bonds, debentures, stocks above mentioned, or

(b) Real estate or leaseholds subject to certain limitations. No loans to directors except policy loans are permitted.

A Canadian company doing business outside of Canada, must at all times retain in Canada and under its own control assets at least equal to the amount of its total liabilities to its policy holders in Canada, and at least two-thirds of the amount of these assets must be investments in or loans upon Canadian securities. Life companies must not be interested in the promotion or formation of any other company, and underwriting of the stock of other companies is restricted. The superintendent must allow as assets only such securities as are authorized by the Insurance Act.

Policy Contains Contract.

The policy must contain the whole contract between the company and the assured. That is, rules and regulations, by-laws, applications, etc., cannot be made a part of the contract unless endorsed upon or attached to the policy when issued. The agent of the company cannot be deemed to be the agent of the insured. Estimates are forbidden of the profits or dividends expected to be received under any policy. Rebates or discrimination in favor of individual policy-holders are forbidden. Premium rates must be filed with the superintendent.

Surplus must be ascertained and distributed to policy-holders at least once every five years, except in case of deferred dividend policies, where the surplus must be ascertained and apportioned and must constitute a liability and be charged in its accounts accordingly. No policy of life insurance can be sold in Canada until a copy of the form has been sent to the superintendent. It must contain provision for thirty days of grace for payment of premium; permission to engage in the active service of the militia of Canada, at such extra premiums as may be fixed; that the policy shall be incontestable after at least two years, must have tables of surrender, loan and instalment values and reinstatement provision. Separate accounts of participating and non-participating business must be kept.

Stock companies must have at least one-third of their directors elected by the participating policy-holders. Every holder of a participating policy must have a vote for the election of policy-holders' directors. Holders of a participating policy for $4,000 are eligible for election as policy-holders' directors. Ninety per cent. of the profits arising from participating policies must go to the participating policy-holders as well as a share of the profits from the sale of securities in the proportion that the reserve on participating policies bears to the total reserve.

Assessment Companies.

A standard form of incorporation for new companies is also prescribed. The cost of incorporation cannot be charged to the policy-holders or be paid out of capital. To show that assessment societies do not carry the guarantee of their ability to carry out their contracts that is carried by the regular life companies, these societies are required to print on every application, policy and certificate issued or used the words: "This association is not required by law to maintain the reserve which is required of ordinary life insurance companies." The words: "Assessment System" must also appear at the head of every policy, and in every circular and advertisement issued or used in Canada by these assessment societies.

From the foregoing it will be clearly seen that life insurance funds are protected to an extent that the funds of no other business or financial institution in this country are protected. Thus, in making provision by life insurance for wife and children, there is the absolute certainty that the money will be at once available when the policy becomes a claim, as the Government sees to it that there are ample funds on hand to meet every policy liability.

Table Illustrating the Progress Made by Canadian Life Companies (Canadian Business Only) During 1916 in Closing New Business, in the Net Amount of Business in Force and in Premium Income.

Year	Prems. for Year	Policies new Taken up	Net Amt. in force
Alberta-Saskatchewan—			
1915	$ 4,495	$ 54,500	$ 127,000
1916	4,660	59,000	168,000
Ancient Order of Foresters—			
1915	62,110	127,000	2,324,660
1916	64,066	117,250	2,266,974
British Columbia—			
1915	90,283	541,592	3,330,694
1916	88,419	294,422	2,512,503
Canada (Canadian)—			
1915	4,307,801	11,176,960	110,489,813
1916	3,512,457	13,128,921	116,055,677
Capital—			
1915	77,876	706,718	2,186,518
1916	94,137	831,926	2,526,274
Confederation (Can.)—			
1915	1,897,696	6,622,001	57,333,156
1916	1,974,714	6,878,086	59,513,781
Continental—			
1915	327,910	1,339,640	9,692,820
1916	3,859,886	2,052,047	557,218
Crown—			
1915	373,620	3,305,721	11,832,758
1916	432,988	3,927,738	13,506,217
Dominion—			
1915	523,103	2,582,284	16,551,343
1916	613,080	3,062,857	18,298,918
Excelsior (Ordinary)—			
1915	607,756	2,657,560	18,945,988
1916	662,378	3,542,946	20,376,252
Excelsior (Industrial)—			
1915	2,863	....	65,641
1916	2,761	....	61,630
Great West (Canadian)—			
1915	3,550,451	20,786,982	115,256,723
1916	4,148,213	22,056,907	128,697,459
Imperial (Canadian)—			
1915	1,497,791	6,978,387	42,715,358
1916	1,706,240	8,674,629	48,073,040
London (Ordinary)—			
1915	672,814	3,730,845	19,705,394
1916	807,654	5,409,725	23,866,891
London (Industrial)—			
1915	649,515	6,037,537	15,114,934
1916	763,983	6,607,071	17,848,427
Manufacturers (Candian)—			
1915	1,960,927	7,128,690	57,956,388
1916	2,057,956	7,536,916	61,016,081
Monarch—			
1915	170,611	1,390,088	7,231,335
1916	205,364	1,963,875	8,433,150
Mutual (Canadian)—			
1915	3,494,420	11,942,940	98,589,468
1916	3,962,055	14,650,242	106,549,359
National (Canadian)—			
1915	640,920	3,337,526	19,647,298
1916	653,687	4,763,937	22,233,996
North American (Canadian)—			
1915	1,695,423	6,911,215	49,412,462
1916	1,801,268	7,871,212	52,467,559
Northern—			
1915	379,058	1,414,083	10,065,042
1916	392,988	1,786,822	10,871,386
Royal Guardians (Ordinary)—			
1915	91,315	86,500	3,116,715
1916	90,304	173,000	3,087,585
Royal Guardians (Industrial)—			
1915	732	108,074	95,890
1916	3,577	95,641	131,192
Saskatchewan—			
1915	22,205	634,394	1,029,096
1916	41,226	794,186	1,617,364
La Sauvegarde—			
1915	212,617	959,000	6,356,943
1916	218,946	826,600	6,400,548
Security—			
1915	33,334	382,500	887,900
1916	30,067	374,500	1,060,100
Sovereign—			
1915	189,893	1,225,500	5,367,512
1916	217,079	1,258,500	5,976,473
Sun (Canadian) (Ordinary)—			
1915	4,872,675	17,668,493	140,458,171
1916	5,378,734	18,731,369	149,861,303
Sun (Canadian) (Thrift)—			
1915	33,719	....	793,585
1916	31,481	....	733,414
Travellers' of Canada—			
1915	102,370	1,196,580	3,292,204
1916	122,890	1,182,961	3,719,391

Only companies operating under Dominion licenses are referred to, of course, but there are regulations as well governing companies operating under provincial supervision. These are in the main quite as satisfactory.

DOING BIG BUSINESS.

How the United States Life Companies Ranked Last Year.

The net amount of insurance in force in Canada under the policies of United States companies was $467,499,266 at the end of 1916, this comparing with $423,556,850 at the close of 1915. The Metropolitan Life carries $99,767,326 industrial insurance and $91,184,000 ordinary insurance, a total of $190,951,326. The Prudential carries $49,204,227 of industrial and $31,461,960 of ordinary business, a total of $80,666,187. The New York Life follows with $73,700,670. Then comes the Mutual, of New York, with $34,321,773; the Equitable with $26,589,783; the Aetna with $25,658,913, and the Travelers' with $21,678,470.

CLAIMS ENTERED.

Greater Amount Involved in 1916 Than in 1915.

During 1916, 9,909 policies in Canadian life companies became claims, these having a value of $11,763,148. This was an increase of 696 policies and $1,380,086 over 1915. Claims paid, including matured endowments, amounted to $10,514,258, an increase of $599,326, while unsettled claims increased from $1,329,424 to $2,333,180 or by over $1,000,000. The exact effect of the war is not shown in these figures, but it may readily be inferred.

United States companies held 16,708 claims, an increase for the year of $13,168. In value these represented an increase from $5,403,510 to $6,695,184. Unsettled claims at the year-end were up from $475,751 to $656,138.

Growth of Life Insurance in Canada.

Continued from page 17.

much ground in comparison with their transatlantic rivals, and instead of carrying one-fourth of the business as in 1875, they only were able last year to account for about one-twenty-fifth of it.

A Steady Growth.

The progress of Canadian companies has been steady throughout the period under review and in no year the situation as regards Canadian force exhibited a decrease. The amount of the gain from year to year has varied, running as high as $79,000,000 between 1911 and 1912 and as low as $1,786,000 between 1877 and 1878. Last year's increase of $68,000,000 is the second largest in the history of Canadian companies.

In the case of British companies, it is interesting to note that on several occasions there have been recessions in the amount of insurance in force. There was a drop between 1875 and 1876; another drop between 1878 and 1879; a third between 1892 and 1893; a fourth between 1907 and 1908 and a fifth between 1914 and 1915. Though figures have not yet been completed for 1916, it is quite probable that the decline continued through that year.

U.S. Companies.

United States companies, after falling off from 1875 to 1880, have enjoyed an almost steady increase. There was a slight set back between 1894 and 1895 and another between 1905 and 1906 but otherwise gains have been registered each year. The largest gain was recorded between 1912 and 1913, when approximately $50,000,000 was added to the total. Last year's gain of $43,000,000 was the second largest in the history of American companies.

Business effected in Canada from year to year reflects the same results as in the case of business in force. In 1875, a total of slightly over $15,000,000 was done, of which more than half was captured by United States companies. In 1916 over fifteen times as much insurance was closed and of this Canadian companies secured sixty per cent, while American companies did 38 per cent. and British companies 2 per cent. The 1916 results are interesting in that they show that Canadian companies did $17,000,000 more business than in 1915, whereas British companies did nearly half a million less and United States companies $6,700,000 less. In the case of Canadian companies the business done was within $3,000,000 of the record established in 1912 and was the second best year in the history of the companies.

A Big Year.

The premium income from Canadian business has also grown enormously since 1875 and was last year over 16 times as large. In 1875 American companies were in receipt of over half the total premium income, with Canadian and British companies taking about one-quarter each. In 1916 Canadian companies were drawing over sixty per cent. of the total and American companies about 33 per cent.

TABLE ILLUSTRATING THE GROWTH OF THE PREMIUM INCOME OF LIFE COMPANIES IN CANADA FROM 1875 TO 1916.

Year	Canadian Companies	British and Colonial Companies	United States Companies	Total
1875	$ 707,256	$ 623,296	$ 1,551,835	$ 2,882,387
1880	1,039,341	579,729	1,102,058	2,721,128
1885	2,092,986	803,908	1,723,012	4,619,978
1890	3,921,137	1,022,362	3,060,652	8,004,151
1895	5,702,783	1,137,366	3,452,205	10,292,354
1900	9,373,405	1,372,355	4,261,181	15,006,941
1905	13,947,827	1,500,232	6,632,658	22,080,717
1906	14,093,056	1,583,861	6,687,539	22,364,456
1907	14,963,714	1,567,951	6,612,207	23,143,872
1908	16,081,504	1,546,941	7,069,494	24,697,939
1909	17,438,780	1,590,656	7,476,859	26,506,295
1910	19,952,162	1,580,255	8,239,486	29,771,903
1911	20,736,480	1,680,731	9,902,415	31,619,626
1912	23,540,081	1,768,046	10,401,389	35,709,516
1913	24,784,163	1,905,486	11,951,557	38,641,206
1914	26,047,253	1,906,998	13,139,844	41,094,095
1915	28,546,308	2,071,592	14,488,783	45,106,678
1916	30,445,735	1,898,659	15,893,099	48,237,493

TABLE ILLUSTRATING AMOUNTS OF LIFE INSURANCE EFFECTED IN CANADA FROM 1875 TO 1916.

Year	Canadian Companies	British and Colonial Companies	United States Companies	Total
1875	$ 5,077,601	$ 1,689,833	$ 8,306,824	$ 15,074,258
1880	7,547,876	2,302,011	4,057,000	13,906,887
1885	14,881,695	3,950,647	8,332,646	27,164,988
1890	23,541,404	3,390,972	13,591,080	40,523,456
1895	27,909,672	3,337,638	13,093,888	44,341,198
1900	38,545,949	3,717,997	26,632,146	68,896,092
1905	67,539,141	3,881,980	34,486,215	105,907,336
1910	90,362,678	4,170,562	58,229,280	152,762,520
1911	110,077,453	5,591,832	61,197,694	176,866,979
1912	141,267,596	7,319,952	70,617,555	219,205,103
1913	131,493,582	6,950,695	93,164,269	231,608,546
1914	125,505,324	9,294,590	82,206,602	217,006,516
1915	121,033,310	5,727,313	94,358,935	221,119,558
1916	138,201,281	5,295,133	87,649,711	231,146,125

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The Significance of Business Insurance

How This Important Form of Insurance is Obtaining a Firmer Hold on the Business Community, With Instances of its Proven Value in Cases of Emergency—Notable Instances Where Large Sums of Insurance Have Been Placed on Lives of Business Men.

By E. J. L'ESPERANCE.

Mr. L'Esperance is the manager in Montreal for the Imperial Life Assurance Company and is one of the most successful sellers of business insurance in Canada. He is still on the sunny side of middle life and is in receipt of an income from his insurance business that would make the salaries of most business men in Canada look paltry.

BUSINESS assurance as we understand it, is the assurance of lives that are valuable to a business. Lives are the most valuable assets that a business has. We insure against loss by fire, food and other calamity, why should we not insure against the loss caused by the death of the man who is the most important factor in the business? A great many concerns have not yet realized the advantage of taking advantage of this legitimate and ethical means of providing against the worst calamity that can befall a business, namely, the death of its principal executive, or head. A well-trained business man may say: "I have an understudy." No one will, however, contend that an understudy is likely to fill the bill under all conditions. After the death of the head of an enterprise, the understudy may find it impossible to get into the routine of the business and continue its operations with continuity. In any event, there is bound to be a considerable break, between the death of the head of the concern, and the time that the successor can grasp the reins. If he has not had the experience, there is bound to be a lot of time, and possibly a lot of money wasted or lost, before the new executive gets into the swing of things. It is to guard against these misfortunes and to protect the company against these losses, that business insurance has been conceived.

A recent exemplification of the important place that business insurance is assuming in the commercial and financial world to-day, is the action of J. Pierpont Morgan, head of the great New York banking firm, who has just taken out a $2,500,000 policy in favor of his association, while H. P. Davison, a member of the same firm, has also taken out a policy running into one million. These men realize that their death would result in a certain dislocation and confusion, and they have decided to indemnify their associates against this possible loss.

A Legitimate Charge.

There are a great many business concerns to-day, however, who have not yet realized the advisability of making such provision. I believe that every good business should include in its overhead expenses this legitimate charge for indemnification against the death of the men who have made it a success, or who are in charge of its destinies. As efficiency is never the result of accident, the continued success is the result of foresight.

It seems strange that more men do not give some consideration to the question of what will happen to the business of which they are in control, in the event of their death. If the business is a partnership, what will the widow get, and where will the ready cash come from, to pay her? If it is a close corporation, what will the widow get for the stock which will be inherited by her particularly if the stock has not been paying a dividend? It is a well-known fact that close corporation stock is hard to sell, particularly at the time that one wants to dispose of it? If it is a large corporation, with its stock listed on the stock exchange, there is no less a necessity for making some provision for indemnification of this kind. Losses are bound to ensue from the death of a leading executive and if there are losses, why should some provision not be made for indemnifications.

Collateral in Emergencies.

Why should a corporation not build up a sinking fund of this kind, which could be used as collateral in the event of an emergency—and emergencies are bound to come sooner or later to all businesses?

I might mention a case that came to my attention, which illustrates the force of this contention. A well-known baking concern in Toronto, wished to secure a large amount of money in order to take advantage of the rising market. No assistance was forthcoming from their bankers, but the heads of the concern had had the foresight to make provision for such a contingency. They had purchased a business assurance contract and as a consequence, were able to take advantage of the opportunity which presented itself. They borrowed the money from the insurance company on their policy. The loan was repaid within a very short time from the profits which they made on the deal.

Another head of a large business enterprise died at the outbreak of the war, and the directors found themselves in a very embarrassing situation. Their bank shut down on their line of credit, and there were many sleepless nights for the men concerned in the enterprise, before the difficulties were obviated. That they were eventually overcome, was due infinitely more to good-luck than to good management or foresight.

Notable Instances.

A few other notable instances of men who have made generous provision of this kind, might be mentioned. Mr. Dunn, of the Willys-Overland Company, has recently taken out business insurance to the amount of $1,700,000; John Wanamaker carries business insurance of $3,500,000; while his son, has a policy of $4,000,000. Any man whose plans require years for their fruition should not neglect to make provision of this kind. Shevlin, the famous Yale athlete, protected his big lumber business with a large business insurance policy, and his death occurred within a few months after it was written.

Another phase of business insurance is taking care of the employees of corporations. The Union Pacific Railway has recently insured all its forty thousand employees, the annual premium amounting to $3,000,000. The comptroller of the company, in writing to me, in answer to my question as to the motives that prompted this action by the company, said that it was an altruistic act on the part of the company, and "altruism," he said, "always pays big dividends." The company's executives believe that treatment of this kind makes their employees more happy and contented, and as a consequence increases their efficiency. Business insurance is simply the purchase of money to be delivered at some future period, and money is mighty valuable to have. The man who brings you a business insurance proposition is your best friend. Heed his words, and you will be doing what the big, successful men of the country are doing, and what every prudent business man should do.

Growth of Group Insurance

System of Insurance by Which Employees of Companies Are Protected by Blanket Policies Taken Out by the Companies, Paid For and Maintained by Them, is One of the Most Important Developments of the Day.

TWO hundred and fifty thousand workmen employed in American industries have had their lives insured by their employers, according to an estimate published in Leslie's Weekly by Ballard Dunn. This represents insurance policies to the total amount of about $250,000,000. The premiums on these insurance policies are paid by the companies for which the men work. This system of insurance for employees, paid for and maintained by employers, has been growing over a period of about five years, but has attracted little public attention. The whole subject was forced to the front on the first of the year by the action of the Board of Directors of the Union Pacific System, which took out insurance policies covering every one of its employees from sixteen to seventy years of age, who have been in service one year or longer and who are not receiving more than $4,000 a year in salary.

This one instance means an insurance policy of $30,000,000 and includes some 30,000 employees at work on 8,000 miles of railway. Men and women are included, the office boy as well as the oldest employee. There was no examination, notwithstanding the fact that on the first of the year the Union Pacific System had more than two hundred men in its employ who were sixty-five years of age and over. No distinction was made between the clerk in the general office and the men employed in hazardous occupation, nor between union and non-union employees.

Idea Spreading.

This plan, which has been given the general designation "group insurance," has spread rapidly and includes automobile companies, rubber manufacturers, cotton mills and silk mills and many banks. Under the group insurance plan as worked out by the Union Pacific System, the employer alone pays the premium, the insurance policy being issued by some regularly established insurance company. Many spokesmen for the workmen argue in favor of the latter plan for the reason that the employees do not have to make any contribution from their wages, the cost being assumed entirely by the company for which they work. An illustration of the reasoning of these spokesmen of labor is found in the Western Laborer for January 6, a weekly labor paper published at Omaha, and probably the most influential publication of its kind in that section. In a signed editorial, Frank A. Kennedy, who has for years been a member of the Typographical Union, speaking specifically of the Union Pacific plan, says:—

"This is another step in the direction of the industry bearing the human losses that was considered visionary a few years ago. Of course, it will be said that if a man quits the company these benefits will cease. Sure they will, and if a member quits the Typographical Union or Carpenters' Union the benefits cease. The difference between the benefits of the Union Pacific while a person is a member of the organization and the Typographical or Carpenters' Unions is that the members of the latter pay for their benefits, while with the Union Pacific they cost the employee nothing. The printers' union has 60,000 members. During the last fiscal year the members paid $313,263.92 for the pension fund, and $313,854.13 for the death benefit fund.

Could Not Get Insurance.

"There are any number of employees of the Union Pacific who cannot get insurance because of the physical examination or the extra hazardous work they are engaged in. Many of these poor fellows are husbands and fathers whose hopes and fears and love are just the same as the fellows who can get the insurance. Under the company's new plan, these men are protected and their families protected. The freight house men, the tappers, laborers at the shops, section men, physically weak and delicate office men—all of them get these benefits that they could never get heretofore. That is what makes this new plan of the Union Pacific shine all the brighter to me. The guy who gets big money can buy protection.

"The company may be selfish in promoting its pension, insurance and sick benefits. Who the devil cares a rap whether it is selfish or not, just so it takes care of its own. Of course, you know, the Typographical Union and other unions were unselfish when they inaugurated the various benefits for the members—that the members pay for. In a pig's eye! They were planned and put into effect for the very same reason probably that the Union Pacific put its new system into effect—to hold the members and to make them loyal because of the members' self-interest in what was coming to them.

"The Union Pacific is the greatest railroad in the world to-day and its new policy will make a job on it a prize. I wonder who the man at the top is who is putting over these big human propositions in the interest of the men away down below on the tracks, in the yards and shops? I would like to be a little bird up in a corner at the directors' meetings when he proposes one of these new welfare schemes for the boys who are 'bringing home the bacon' for the stockholders."

Details of U. P. Plan.

Mr. Kennedy's comment makes it interesting at this point to give the details of the Union Pacific plan. Each of those who has been in the employ of the company for one year or longer and whose salary is not more than $4,000 per annum, is given a life insurance policy for an amount equal to his annual salary, payable to his beneficiaries at his death. There is a minimum policy of $500 and a maximum of $2,500. If an employee is permanently disabled before he reaches the age of seventy years, at which time, under the company's rules, he is retired under its old age pension plan, his life insurance may be paid to him as an annuity—thus becoming a sustaining fund. The plan also includes health insurance and insurance against accident. Under this feature employees who are compelled to remain away from work because of illness or accident are paid benefits to the amount of one-half their yearly salary, the minimum basis for such benefits being at the rate of $5 per week. The total maximum payments for the period of incapacity may be as much as $2,500. The payments of benefits under the latter features of the plan in no way affects the payment of the life insurance. The life insurance also covers those employees who may be retired on pension from and after the establishment of the plan, January 1, 1917.

"The object which the directors expect and hope to accomplish by this insurance," said R. S. Lovett, chairman of the Board of Directors of the Union Pacific, in announcing the plan, "is to afford the employees of the company the satisfaction of knowing that so long as they are in the service, some financial provision, although comparatively small in some cases, has been made for them and their families against the misfortunes of death, injury and illness. It is a measure prompted by good will toward the employees and their families, whose welfare is borne constantly in mind and whose co-operation in establishing the success of these properties is greatly appreciated."

Judge W. A. Day, president of the Equitable Life Assurance Society, who is looked upon as the father of the plan in America, said to me: 'I look upon group insurance as an expression of the group soul — which most happily is the English translation for the great French call of brotherhood, esprit-de-corps."

NEW HAMILTON INDUSTRY.

National Abrasive Company to Have Factory in Canada.

The National Abrasive Co. of Boston and Amesbury, Mass., manufacturers of carbolon, an abrasive material for grinding and polishing purposes, have decided to locate in Hamilton, and have bought an acre and a half of land on Biggar Avenue, near Lottridge Street.

They will start erecting a factory immediately and expect to start operations in 90 days, and at the start will employ about 75 men. The equipment and material is being ordered through the Ritchey Supply Company of Toronto, who are the selling agents for this company in Canada.

LEADING U. S. COMPANIES.

United States life companies operating in Canada did $87,649,711 business in Canada during 1916, or $6,709,224 less than in 1915. The Metropolitan Life led with $41,645,504, of which over half represented industrial insurance. The Prudential followed with $23,401,685, of which $15,530,428 was industrial business. The Travelers', with $3,747,795; the Aetna, with $3,442,501, and the Equitable, with $3,418,468, were close competitors, while the Mutual, of New York, did $2,721,499.

Progress of Fire Insurance

Premiums Received During 1916 Were the Largest in the History of Canadian Insurance, While Losses Paid Were Only Slightly Less Than the Record Established in 1914 — Interesting Features of the Business.

THE growth of the fire insurance business in Canada may best be illustrated by the amounts of cash received for premiums during the 48 years since returns were first compiled by the Insurance Department. In that period the premium income of all companies, British, American, and Canadian, has grown from $1,785,539 to $27,713,308, or by about fifteen times. Of the latter amount $14,304,219 was paid to British companies, $8,673,051 to United States and other companies, and $4,736,038 to Canadian companies, while during the entire 48 years, British companies have collected $267,317,523, Canadian companies $95,966,646, and American and other companies $87,384,847.

In the same period losses paid have reached the huge sum of $272,250,777. Last year these losses amounted to $15,122,895, the second largest amount ever paid in the history of fire insurance in Canada. Of this latter sum, British companies contributed $7,931,021; United States and other companies, $4,611,280, and Canadian companies, $2,580,594, while in the 48-year period, British companies have paid a grand total of $163,375,561; Canadian companies, $59,780,750, and United States and other companies, $49,094,466.

The following table illustrates the growth of the business during the period:—

	Premiums Received	Losses Paid	Rate Losses pd. per cent prems. rec'd
1869....	$1,785,539	$1,027,720	57.56
1870....	1,916,779	1,624,837	84.77
1875....	3,594,764	2,563,581	71.31
1880....	3,479,577	1,666,578	47.90
1885....	4,852,460	2,679,287	55.22
1890....	5,836,071	3,266,567	55.97
1895....	6,943,382	4,993,750	71.92
1900....	8,331,948	7,774,293	93.31
1905....	14,285,671	6,000,519	42.00
1910....	18,725,531	10,292,393	54.96
1911....	20,575,255	10,936,948	53.16
1912....	23,194,518	12,119,581	52.25
1913....	25,745,947	14,003,759	54.39
1914....	27,499,158	15,347,284	55.81
1915....	26,474,833	14,161,949	53.49
1916....	27,713,308	15,122,895	54.57
	$450,669,016	$272,250,777	60.41

The amount of policies taken out during 1916 and the amount of risks at the end of the year were as follows:—

Can. Co.'s.....	$738,770,581	$663,758,129
British Co.'s...	1,602,456,338	1,959,767,538
U.S. and other.	1,066,304,465	1,091,363,198
	$3,407,531,384	$3,714,888,865

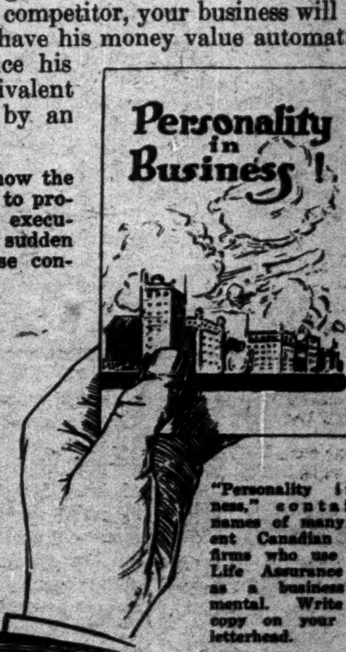
The increase in the amounts taken out by Canadian companies in 1916 was $65,526,450, which compares with a gain of $9,704,754 in 1915, and a loss of nearly $50,000 in 1914. The gains in 1916 were pretty well spread over all companies, ranging as follows:—

	1916	1915
Acadia	$17,437,231	$16,405,713
Anglo-Amer.	....	18,590,599
Beaver	5,180,548	5,340,836
British-Amer. ...	107,750,412	77,840,123
British Colonial.	12,309,583	9,227,747
Br. Northwestern	5,440,482	4,520,073
Canada Accident.	3,701,149	....
Canada National.	21,892,153	23,223,662
Canadian Fire...	29,073,087	27,494,130
Can. Lumbermen's	985,655	....
Dominion Fire..	25,840,101	22,855,580
Dom. Can. Guar.	3,139,471	999,406
Factories	14,847,441	20,937,423
Hamilton Fire.	10,836,894	....
Hudson Bay.....	18,543,976	10,211,949
Imperial Under...	16,114,339	9,073,454
Liverpool Man...	37,264,142	35,935,805
London Mutual..	70,707,648	74,392,919
Lum. F. I. Con..	....	1,647,361
Mercantile	30,865,259	25,973,436
Montreal-Can. ..	....	10,004,400
Mount Royal....	59,986,872	52,547,074
North Empire...	7,859,532	10,967,271
North West......	14,204,920	15,240,882
Occidental	16,489,699	9,915,169
Pacific Coast....	11,781,872	11,801,060
Quebec Fire.....	30,136,463	27,282,543
Western	166,381,652	150,851,486
	$738,770,581	$673,244,131

British companies wrote $1,438,037,721 in 1915, the Royal leading with $150,733,604; the Liverpool and London and Globe coming second, with $137,545,930, and the Commercial Union third, with $119,540,603. In 1916, they wrote $1,602,456,338, the Royal again leading with $162,489,584; the Liverpool and London and Globe second, with $155,014,746, and the Commercial Union third, with $141,666,541.

The result in the case of American and other companies was an increase for the year from $1,000,271,051 to $1,006,304,465. The largest business

(Continued on page 26).



Personality in Business!

Your Managing Director's Value to Your Business?

The money value of a managing director or partner can be calculated — and should be calculated, **and insured!** The point is: **This man's money value should be kept in your business,** even though he should die or withdraw.

SUPPOSE for example, that your man of greatest value is your managing director, and that if he dies, or becomes a competitor, your business will be adversely affected—seriously. Why not have his money value automatically replaced—with money? That is, balance his earning capacity by an immediate and equivalent money-income. This can be accomplished by an Imperial Life business assurance policy.

It may be that you do not understand fully just how the proposals and plans of life assurance can be made to protect a business against the loss of principals and executives, and against other circumstances calling for a sudden out-payment of heavy sums. Consider also these contingencies:

The death or withdrawal of an important executive, technical expert or inventive genius upon whom continued prosperity seems to depend.

The repayment of a mortgage, the provision of a fund to offset machinery depreciation, or to add to plant or premises.

The necessity of finding acceptable collateral security in connection with your banking arrangements.

— — —

These instances are suggestive. Send for the publication herewith illustrated dealing with this subject with greater fulness. You will find it very interesting, and it may help you solve a perplexing problem.

"Personality in Business," contains the names of many prominent Canadian business firms who use Imperial Life Assurance policies as a business fundamental. Write for a copy on your business letterhead.

THE IMPERIAL LIFE ASSURANCE
Company of Canada
HEAD OFFICE : : TORONTO, CANADA

Assets and Liabilities of Fire Companies

Substantial Increase for the Year in the Holdings of Stocks, Bonds and Debentures by Fire Companies—Excess of Assets Over Liabilities Shows a Good Gain—Progress of British and American Companies Operating in Canada.

TOTAL assets of Canadian companies doing fire and other insurance are shown to have reached a total of $21,127,741 at the end of 1916. This is an increase for the year of $1,693,332.77. The amounts under the various heads, in comparison with the previous year, are as follows:

	1915	1916
Real Estate	$ 947,229	$1,295,840
Mortgages	3,319,848	3,362,250
Bonds	7,676,318	8,705,815
Stocks	2,116,907	2,009,884
Cash	2,162,128	2,169,831
Int. and Rents due	290,747	294,133
Agents' Bals., etc.	2,567,120	2,735,610
Other Assets	354,108	464,375
	$19,434,408	$21,127,741

It will be observed, from the foregoing, that the feature of the year has been the substantial increase in the holdings of bonds and debentures by these Canadian companies. A small increase is also to be noted in the mortgage investments. The relative position of these two principal investments for the past five years may be thus exhibited:—

	Mortgages	Bonds
1912	$2,159,310	$7,320,020
1913	3,041,388	7,024,916
1914	3,169,250	6,835,799
1915	3,319,848	7,676,318
1916	3,362,250	8,705,815

The increase in the value of real estate held by the companies amounting to about $348,000 is largely accounted for by the appearance in the 1916 list of $222,000 against the Canada National Fire Insurance Company and $120,000 against the Canadian Fire Insurance Company.

Liabilities.

The principal changes in the liabilities of Canadian companies between the two years are as follows:—

	1915	1916
Unsettled losses	$1,004,123	$1,701,532
Reserve of unearned Premiums	5,895,739	5,974,612
Sundry Liabilities	1,509,362	1,608,624
Total Liabilities (excluding capital)	8,409,225	9,284,768
Excess of Assets (excluding capital)	11,025,183	11,842,973
Capital Stock Paid in Cash	9,705,234	9,706,335

It is apparent, therefore, that, while liabilities have increased by $875,000, the gain in assets has been more than sufficient to meet this excess and as a net result of the year's operations there has been an increase in the surplus of almost a like amount. The enlarged liabilities are made up for the most part of unsettled losses.

The showing of the various companies for 1915 and 1916 is as follows:—

	Total Assets	Total Liabilities	Excess
Acadia Fire—			
1915	$ 666,234	$153,788	$512,445
1916	679,216	182,257	496,959
Beaver Fire—			
1915	197,915	38,967	158,947
1916	235,145	41,058	194,086
British America—			
1915	2,536,311	1,732,805	803,505
1916	2,774,814	2,012,011	762,802
British Colonial—			
1915	252,877	120,352	132,525
1916	252,989	122,064	130,925
British North Western—			
1915	290,989	46,687	244,302
1916	310,488	50,623	259,864
Canada Accident—			
1916	550,692	180,406	370,286
Canada National—			
1915	2,099,535	302,629	1,796,905
1916	2,253,643	312,054	1,941,588
Canadian Fire—			
1915	1,315,445	275,922	1,039,522
1916	1,413,181	286,795	1,126,386
Canadian Lumbermen's Ins. Exc.—			
1916	35,699	15,699	20,000
Dominion Fire—			
1915	318,224	190,300	127,924
1916	359,533	215,266	144,266
Dominion of Canada Guarantee and Accident—			
1915	673,583	200,367	473,215
1916	736,360	227,165	509,195
Factories Insurance—			
1915	265,228	205,297	59,931
1916	125,123	105,836	19,286
Hamilton Fire—			
1916	120,579	46,431	74,147
Hudson Bay—			
1915	287,609	108,142	179,466
1916	270,820	116,278	154,541
Imperial Underwriters—			
1915	241,334	69,993	171,340
1916	271,462	93,260	178,202
Liverpool Manitoba—			
1915	801,458	266,485	534,972
1916	835,219	273,536	561,682
London Mutual—			
1915	522,020	380,750	141,270
1916	461,366	337,713	123,653
Mercantile Fire—			
1915	453,655	153,893	299,762
1916	454,573	165,263	289,310
Mount Royal—			
1915	1,040,375	132,820	19,017
1916	1,225,758	569,620	656,138
North Empire Fire—			
1915	339,341	120,572	218,768
1916	313,916	130,105	183,810
North West Fire—			
1915	293,622	97,618	196,003
1916	291,737	98,486	193,251
Occidental Fire—			
1915	385,027	114,430	270,596
1916	452,137	156,594	295,543
Pacific Coast—			
1915	1,008,621	127,167	881,453
1916	1,005,363	232,848	772,514
Quebec Fire—			
1915	674,044	183,584	490,460
1915	690,142	185,836	504,306
Western—			
1915	4,408,572	2,707,382	1,701,189
1916	5,007,775	3,127,552	1,880,022

British Companies.

During the year assets of British companies in Canada have increased from $27,360,754 to $28,720,114 or by nearly $1,500,000. The gain occurs in three items, viz. bonds and debentures, which are about $700,000 greater; cash on hand and in banks, which is about $600,000 in excess of 1915 and agents balances and premiums uncollected, greater by about $150,000.

The Liverpool and London and Globe continues to hold first place in the volume of assets with $3,638,916 to its credit. Second place, however, has been taken by the Royal, which has displaced the Yorkshire. The former now has assets in Canada of $3,304,427 and the latter of $3,284,450.

Total liabilities in Canada of British companies are now $12,067,361, of which $1,972,858 represent unsettled losses and $9,699,410 reserve of unearned premiums. Total liabilities at the end of 1915 were $10,935,355 or $1,132,000 less. The excess of assets over liabilities has accordingly increased from $16,425,398 to $16,652,752 or by about $250,000.

The Yorkshire has the largest surplus, $2,937,805; the Liverpool and London and Globe comes second with $2,541,436 and the Royal third with $2,173,675.

American Companies.

The assets in Canada of United States and other companies total $12,149,475, as against $10,749,057. Here again holdings of bonds and debentures make up the bulk of the increase, these having grown from $8,258,170 to $9,251,428 in the year. The Home Insurance Co., with assets of $1,394,547 stands first; the Hartford Fire second with $1,228,207 and the Queen of America third with $731,291.

Liabilities in Canada of these companies at December 31, 1916 were $6,411,405 as against $5,804,708 at the end of 1915. In spite of this increase the gain in assets has been large enough to produce an enlarged surplus of $5,738,069, or nearly $800,000 greater than the excess of assets over liabilities at December 31, 1915; The Hartford Fire shows the largest liabilities, these being $783,751. The Home Insurance is second with $621,784. In excess assets, however, the latter company stands first with $772,762 and the Hartford second with $444,456.

Bank Notes and Circulation

Canadian System Has Shown up Well Under the Test of War—Growth of Issues by Different Banking Institutions Represents a Benefit to Business.

THE feature of Canadian banking with which the Canadian public is most familiar is the bank note system. Of course it is an important phase of banking especially important to those borrowers who wish to pay in cash. The security and the elasticity of our bank note system is therefore a question for the Canadian public to consider from time to time. It will be found that during war time the Canadian system has stood the test.

Bank Notes Secure.

It is doubtless profitable to compare our bank note system with that of the United States.

The notes of Canadian banks are secured fundamentally by the commercial assets of the banks and are generally referred to as an "asset-secured circulation." They are absolutely sound chiefly because they constitute a prior lien on all assets of the bank and one can scarcely imagine a failure so bad that a bank's assets would not equal the note issue which is usually about one-tenth of the liabilities. In addition the notes are secured by the entire "bank circulation redemption fund" which consists of payments by the banks equal to 5 per cent. of the outstanding circulation and is held by the Department of Finance at Ottawa. The note issue is also limited to the amount of the unimpaired paid-up capital plus the reserve except that when at certain times an excess may be issued subject to a tax of 5 per cent. if it is not covered by gold dollar for dollar. The double liability of shareholders in case of failure is when joined with the prior lien provision sufficient to insure the safety of Canadian bank notes beyond question.

A bank note is the bank's promise to pay gold on demand. It is one of the bank's demand liabilities. In this respect it is the same as the demand or current deposit. Most of the bank notes arise out of the loan function like most current accounts. When a borrower has made his arrangements with the manager of the bank he secures a credit equal to his liability. This he may take in the form of a demand deposit on which he may wish to draw by check. Or he may wish to make payments, not by check, but more conveniently at the street corner, in a store, or under other possible conditions where a check might not be acceptable. He therefore asks for bank notes; the form of bank's promise to pay that is most universally acceptable.

As a matter of fact, in about nine out of ten cases the customer opens an account and spurns notes. A check is the more convenient. At least current deposits are about nine times as large as the bank note item on the liability side of the bank account. Elasticity of the note issue is important therefore only because the customer should be able to get the kind of promise to pay that is most convenient for him. Farmers and laborers and small dealers find the bank note most useful.

In Canada the note issues expand and contract according to the needs of the country. Expansion is however limited by a relation to the amount of capital unimpaired and paid-up. Usually the notes issued are less than this amount but in the crop moving time there is a special demand for notes and the Government has found it necessary to permit an excess issue which is subject to a tax of 5 per cent. if it is not covered by gold dollar for dollar in the central gold reserves.

Growth of Bank Note Issues.

In recent years there has been a considerable increase in Canadian bank note issues. The following table shows that as late as 1895 the issue was less than $30,000,000 but that it increased fairly regularly from that time on. In the boom year 1907 the total made a large advance but it fell off with the coming of depression in 1908 and 1909. By 1913 there had been an enormous advance owing to the development of the West, immigration, high wages for labor and the increasing cost of living.

FE INSURANC EFFECTED IN CANADA
BANK NOTES IN CIRCULATION IN CANADA

Year	$
1885	$29,791,262
1890	31,704,281
1895	29,414,796
1900	43,814,918
1905	58,721,173
1910	78,265,822
1915	96,666,544
1901	47,611,818
1903	58,283,494
1905	58,721,173
1907	76,346,013
1909	68,708,458
1911	81,938,753
1913	102,202,047
1915	96,666,544
1917 (Dec. 30-16)	148,785,287

War Time Conditions.

War at first caused a great expansion of notes. The large increase in the second half of 1914 is shown in the following table:

BANK NOTES IN CIRCULATION IN CANADA (Omitted)

	1917	1915	1916	1917
Jan.	96,612	97,192	112,457	133,358
Feb.	97,563	97,789	112,457	......
Mar.	96,848	96,666	114.804	......
April	93,064	96,288	119,233	......
May	97,761	99,125	114,857	......
June	99,138	99,625	123,373	......
July	94,815	100,412	123,530	......
Aug.	114,551	99,610	122,656	......
Sept.	120,366	105,798	135,285	......
Oct.	123,744	122,782	145,031	......
Nov.	114,767	124,153	148,197	......
Dec.	105,969	122,199	148,785	......

The increase was due only in part to the usual autumn increase and also in part to the fact that the Government authorized the chartered banks of Canada to make payments in bank notes instead of in gold or Dominion notes until further official announcement. That this had its influence may be proven comparing the months of August and September in 1914 and 1915. By the end of the year, conditions were normal again. It is noticeable however, that throughout 1915 and 1916 the issues were larger than formerly. These later increases have been due chiefly to:

1. The unusual activity in the grain trade in the autumn of 1915 and spring of 1916. Loans on grain usually involve a considerable issue of notes for farmers usually wish to use notes as a convenient form of money.

2. The high level of prices and increasing cost of living has made necessary a large issue of notes for day to day payments for supplies. The country has needed more ready cash. This applies too to the high prices for the lighter crop of 1916.

3. It has been necessary to pay higher wages, and all employers who pay wages in cash, therefore, need more bank notes.

4. Similarly the notes needed to pay the solders and their dependents cash has been considerable.

Nevertheless the war time increase does not suggest the least danger for considerations discussed in the earlier part of this article are the more important. The system is sound and fairly elastic especially as the Government provides adequate legislation to permit action whenever more notes are necessary.

PROGRESS OF FIRE INSURANCE.

(Continued from page 25).

in both years was done by the Hartford, which increased from $111,057,076, to $112,177,889.

Premiums Charged.

Canadian companies in 1915 charged $8,427,965 in premiums, and in 1916, $8,744,795. The rate per cent. was reduced from 1.25 to 1.18. British companies charged $16,807,401 in 1915, and $17,249,887 in 1916, their average rate dropping from 1.17 per cent. to 1.08 per cent. American companies reduced their rate from 1.08 per cent. to 1.04 per cent. For all companies the 1916 rate showed a reduction from 1.16 per cent. to 1.09 per cent.

Income and Expenditure.

Canadian companies in 1916 enjoyed a total cash income of $11,806,721. $10,973,285, leaving a favorable balance of $833,435. Of the twenty-five companies reporting, 15 showed a surplus, and 10 a deficit. These were as follows:—

	Total Cash Rev	Total Expend.
Acadia Fire	$ 153,552	$ 205,308
Beaver Fire	40,635	20,532
Brit. America	2,338,100	2,403,332
British Colonial	98,648	124,462
British North.	70,124	54,792
Canada Accident	315,253	321,970
Canada National	282,698	311,032
Canadian Fire	348,789	260,930
Can. Lum. Ins. Ex.	11,792	8,297
Dominion Fire	250,201	222,182
Dom. Can. G. & Acc.	433,033	383,446
Factories Insurance	79,909	111,570
Hamilton Fire	110,133	51,531
Hudson Bay	137,505	149,236
Im. Underwriters	79,241	56,572
Liverpool Manitoba	268,802	251,386
London Mutual	415,007	445,717
Mercantile Fire	261,113	249,433
Mount Royal	443,833	357,257
North Emp. Fire	102,261	144,117
North West Fire	144,323	146,019
Occidental Fire	147,550	115,470
Pacific Coast	135,949	104,304
Quebec Fire	278,747	241,341
Western	4,859,507	4,233,036
Total	$11,806,721	$10,973,285

In the important matter of the excess of premiums over losses, twenty-two of the twenty-five companies were able to show a balance to the good, while for all the companies there was surplus in this particular of $4,428,729. The Western Assurance had a surplus of $2,051.566; the British America of $796,947; the Dominion of Canada Guarantee and Accident, $253,233, and the Mount Royal, $204,451. The three showing deficits were the Acadia, with $14,088; the Factories, with $1,368, and the North Empire Fire, with $22,866.

British companies all showed an excess of premiums over losses, the aggregate surplus being $6,373,197, this comparing with $6,720,003 in 1915. On the other hand, 4 out of 27 companies showed deficits in the matter of the excess of total income over total expenditure, and the aggregate was $2,735,942, as against $3,132,789 in 1915.

United States and other companies had a total cash income of $10,611,348 and a total cash expenditure of $9,435,121, leaving a balance to the good of $1,176,226. The excess of premiums over losses paid was $4,061,770. This compares very favorably with the experience of 1915, when the former balance was $1,479,527 and the latter $3,659,673.

Some Interesting Comparisons.

As showing developments during 1916, the following interesting comparisons, reduced to a percentage basis may be of interest:—

Canadian Companies	1915	1916
Rate of losses % of premium	59.43	59.82
Rate of dividend or bonus % of premiums	5.10	4.00
Rate of general expenses % of premiums	36.98	36.45
Rate of total expenses to total income	94.59	92.94
Rate of prems. % of risks taken	.98	.91
Rate of assets % of amt. of insur. in force	1.36	1.45
British Companies.		
Rate of losses % of premiums received	50.62	55.45
Rate of general expenses % of prems. received	33.09	33.50
Rate of total expend. % of prems. received	83.71	88.95
Rate of prems. ch'g'd % of risks taken	1.17	1.08
United States Companies.		
Rate of losses % of premiums received	55.94	53.17
Rate of general expenses % of prems. received	31.05	35.00
Rate of total expend. % of prems. received	86.99	88.17
Rate of prems. ch'g'd % of risks taken	1.08	1.04

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" Paid-Up (Preference Stock) - 1,000,000.00
" Paid-Up (Common Stock) - - 1,500,000.00

Statement as of December 31st, 1916

Fire Premiums for 1916		$2,338,452.12	
Marine Premiums for 1916		2,583,725.57	
			$ 4,922,177.69
Interest and Rents			116,942.78
			$ 5,041,120.47
Fire Losses	$1,242,529.97		
Agents' Commissions	481,508.07		
Taxes	79,429.96		
General Expenses	386,437.77		
		$2,189,905.77	
Marine Losses	$1,824,219.92		
Agents' Commissions	313,894.40		
Taxes	33,819.23		
General Expenses	105,870.43		
		2,277,803.98	
			4,467,709.75
PROFIT FOR THE YEAR			$ 573,410.72
Total Assets at 31st December, 1916			$ 5,056,592.72
Losses paid since organization in 1851, over			66,000,000.00

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Life Insurance from Investment Standpoint

Unquestioned Security Back of the Insurance Contract, Coupled With Competent Government Supervision—Investments of Life Companies are Restricted to the Choicest First Mortgages and High Class Bonds and Debentures.

By J. B. HALL, A.I.A.

Mr. Hall is former actuary of the Dominion Life Insurance Co., and is now City Manager in Toronto for that Company. He is an Associate of the Institute of Accountants of Great Britain and of the Acturial Society of America.

IT IS impossible to mention the words "Life Insurance" without thinking of the word "protection," for the principal function of life insurance is protection or indemnity against the loss incurred by the death of the assured. Take the need of this protection away, remove the element of uncertainty from human life, and there could be no such thing as life insurance.

In the early days of life insurance the only function which it performed was to protect, and by no stretch of imagination could it be classed as an investment. As time went on, however, the sphere of usefulness of a life insurance company was broadened, until to-day it performs a service undreamed of years ago.

With the introduction of "level premium" insurance, limited payment policies and endowments, the contracts of our life insurance companies have taken on a new attractiveness, and they can truly be classed as investments of the most stable kind.

A True Investment.

In considering any investment its safety or stability is of paramount importance. There are "investments" and "investments," perhaps it were better to say "investments" and "speculations." A life insurance contract is truly an investment, for it has back of it unquestioned security coupled with competent government supervision. There are no sounder institutions in our country than our life insurance companies. They have an unblemished record of sound and careful management. Their investments are carefully restricted and selected, and their guarantees can be relied upon absolutely. For the most part life insurance companies have restricted their securities to choice first mortgages and high class bonds and debentures, and during the past two years they have supplemented these by liberal subscriptions to the Canadian War Loan. Canada may well feel proud of her life insurance companies.

The Endowment Policy.

It is the endowment policy, in particular, that comes within this investment class of life insurance contracts. It is true that if we choose to ignore the protective feature of life insurance—and this can scarcely be done—an endowment policy seems to prove an unattractive investment. And yet, even if this were done, we find to-day that Canadian companies are being managed so carefully and so profitably that they are able, besides affording protection, to return to the assured at the end of the endowment period all the premiums he has paid with interest thereon, compounded at a rate of from 3% to 4% per annum. This achievement unquestionably places such contracts in the ranks of investment propositions.

If, as in justice should be done, we were to deduct from the premium paid that part thereof which is required to defray the actual cost of the protection furnished, and assume that the remainder is set aside as an investment, it is found that at maturity this remainder is returned to the assured with interest thereon, compounded at a rate of about 6% per annum, with some companies slightly less, with some more. This represents a splendid return for an absolutely safe investment.

Easy Payments.

The attractive features of endowment insurance as an investment, however, lie in the fact that a contract can be secured for whatever amount may be suited to the pocket of the purchaser, that it can be obtained on an easy payment basis, a nominal deposit being called for each year, half year or quarter year as may suit the convenience of the investor, and further that the policy matures at a time of life when it is most needed and most acceptable. An endowment policy is a long-term investment which can be paid for during the earning period of life, and it matures when this period is past and a fund is needed for provision in old age.

The purchase of such a contract in early life initiates the habit of systematic saving, it promotes thrift and removes worry for the future. It creates a savings account for future use, where the temptation to encroach on such savings is minimized, and yet it is capable of being used in cases of emergency by taking advantage of the liberal loan privileges which such a contract contains. This feature was one which saved many a man from bankruptcy or severe financial loss during the crisis of 1907, and again during the panicky days of 1914.

Preparation for Contingencies.

This world crisis through which we are passing is teaching many a well needed lesson. Nations have been made to realize amid toil, blood-shed and suffering the necessity of being prepared. This lesson is being passed on to the individual, to our young men and to our older men, and these are seeing to it that some preparation is being made for the rainy days of their life. Calamity often comes when least expected, and old age whether we will or no, and there is no more safe or practical way to make preparation for these contingencies than through life insurance.

To the great majority of men, whose incomes are small or but moderate in amount very few investment opportunities can come. At best they can save but a small sum each year, and too often it happens that after years of saving at infinite sacrifice they lose their all by the unwise investment of these savings. For such people the ideal investment is an endowment policy, arranged to mature at or about the age of sixty, when the earning period is about over. Then the passing of the years will have brought the wisdom and experience necessary to guard against the dissipation of the proceeds of such a policy. The monthly income feature attaching to all up-to-date life insurance contracts guards even against any danger in this direction.

An Illustration.

To illustrate the operation of such an investment scheme let it be supposed that a young man aged thirty finds it posible to save each year the sum of $234.50 over a period of thirty years. This is less than twenty dollars per month, and yet this amount invested in a thirty-year endowment policy will ensure to himself a guaranteed monthly income of $37.70 per month from age sixty for twenty years, and for so long thereafter as he may live. This leaves the element of surplus or profits out of consideration. With this element added the return is greater, and if the company with which he carried this policy were able, as it doubtless would be, to return to him at maturity his premiums with interest thereon at 3% per annum, he would have coming to him at age sixty the sum of $11,490, which would afford him an income for life of over $60 per month or $670 per year.

This illustration serves to show how surely and certainly this scheme of investment will fulfill its desired purpose when we find added to these advantages the important element of protection, this form of investment would seem to be so attractive that one wonders why life insurance offices are not crowded with applicants seeking endowments of this kind.

Anchor to Windward.

For the man of larger affairs there is no safer "anchor to windward" than a large line of endowment insurance, not alone does he absolutely safeguard his family and his estate, but he makes certain provision for old age. Statistics show that but 3% of men are independent at age of 60. Referring again to the loan privileges in life policies it is a well-known fact that business men in particular made extensive use of this privilege in 1907 and in 1914.

Many business houses are now making use of the medium life insurance to provide a sinking fund for just such emergencies while at the same time protecting themselves against the loss which they would suffer as a result of the death of any one or more of their most valued employees. Similarly large and small business organizations are making provision for bonded or other indebtedness by endowment insurance. A large wholesale house in Toronto has recently taken on a large line of this class of insurance as an investment for a portion of their surplus. They not alone secure thereby the protection afforded by such policies, but they constitute these policies into a special or contingency reserve for which they can take credit in their financial statement. Another firm has placed a large line of similar insurance to provide a sinking fund to take care of an issue of bonds maturing fifteen years hence. Many similar illustrations might be given, but these will serve very clearly to illustrate how important a place life insurance is taking in the business and financial world, and how varied are the uses to which a life insurance contract can be put. When a man of such world-wide prominence as J. Pierpont Morgan considered life insurance such a necessary and desirable business investment that he purchased a contract to the amount of $2,500,000, it is scarcely necessary to seek further endorsement.

Life insurance is performing a far-reaching and much needed service to society; it is performing this service faithfully and well. It has established for itself a high place among those forces which operate for the welfare of mankind; and whether we think of it as a means of protection or as a medium for investment, and it is both, the place of life insurance in this pulsating world of ours is near to its very soul.

Should Wealth be Conscripted

An Analysis of War Finance Policy Which Negatives the Proposal That Taxes Alone Should be used to Pay for War and Finds Borrowing and Taxes Should go Together.

From an Article by B. M. ANDERSON, Jr., Ph. D., Assistant Professor of Econmics, Harvard University.

A number of distinguished economists have endorsed the plan of Professor O. M. W. Sprague for financing the war by drastic taxation, with the minimum of loans. Professor Sprague has made a strong case for this proposal, particularly on the side of equity. His economic arguments are also strong. The case is, briefly, as follows:—

For a country shut off from outside sources of supplies, as was the South during the civil war, or as Germany is to-day, "borrowing from the future" is impossible. What is needed for war is men, munitions, food, copper, etc., and the country can use only what it has or can currently produce. The war must be fought with the current "real income" of the country. Large numbers of men must be diverted from industry to the army. Large numbers must be diverted from the production of luxuries and comforts to the production of munitions and army supplies. This will, in any case, leave less for ordinary consumption. The only question is as to the form which the curtailed consumption of the people shall take, and as to the mechanism by which the industrial forces of the country shall be diverted from the pursuits of peace to the pursuits of war. If loans, based largely on expanding bank credit, are employed, the incomes of the people will be little reduced, and their demand for articles of consumption will be little decreased. The Government, however, with the proceeds of the loans, will greatly increase its demand for the things it needs. This will raise the prices of those things. This will draw labor and capital from the production of goods not needed for the army, reduce the supplies of those goods, and so raise their prices. The fact that the consumer's money income is not much reduced will, thus, be of little advantage to him. He must make a sacrifice in reduced consumption, because of the higher prices, even if his taxes are not greatly increased. Professor Sprague would prefer to have him make the sacrifice with his eyes open, giving up to the State in taxes what he would otherwise give up in loans and rising prices. This avoids an expansion in bank credits, since the lender to the Government has a security on which he can borrow at the bank, while the man who pays taxes receives from the Government no bankable collateral. Moreover—and this is the point he would especially stress—at the end of the war the slate is clean; there is no debt, the State has no interest charge to meet, no heavy burden for future generations to bear. Current production and current income have met the burden of the war, as they must do in any case, and future production and income are unmortgaged. As to the equity of the drastic taxation, Professor Sprague would urge that the conscription of men is surely enough to justify the conscription of income, that the men who stay at home have no right to expect the men in the trenches to work for years after they come back to repay them for the capital they have advanced to finance the war. He thinks, too, that people can be expected, for a limited time, to work and save for non-commercial motives, in times of national danger.

Exceptions to this doctrine, which Professor Sprague would accept, arise when foreign borrowing is possible. If a country can borrow abroad, can spend the proceeds abroad, and bring in new supplies, it can well afford to mortgage its future production for this actual addition to its physical resources. England and France have done well to borrow in the United States. Moreover, Professor Sprague has made some concession to the desirability of preliminary short-term loans as a means of "greasing the wheels," increasing banking activity, and so making it easier for readjustment to take place.

Now, with very much of this position I am in hearty argreement. With reference to the present policy of the United States, my disagreement rests primarily on a body of considerations suggested by Professor Sprague's expression, "greasing the wheels," though I should want to add that bank credit also provides "steam!" What Professor Sprague would make a minor qualification, I should regard, in the present situation, as a matter of high significance.

First, it may be conceded that we have not the resource of borrowing outside the country. It is unlikely that South America can lend much. Japan is probably lending all that she cares to lend, to Russia. Borrowing in Europe is out of the question. Our borrowings must be at home. Why, then, borrow, instead of taking by taxation? On the grounds of equity, there is no reason at all. The whole reason must rest in considerations of expediency. But, viewing the matter as a short-run policy, it seems to me that expediency clearly dictates borrowing, and borrowing in such a form that the banks can make advances to the lenders of new bank credit.

At the outset one difference between drastic taxation and new loans is evident. If the taxes are very suddenly imposed, with heavy trenching on accustomed incomes, there will be a sudden falling off of demand for the products of many industries. The industries will close down, or reduce activity. Men will be out of work. Then, as the Government spends the proceeds of the taxes for munitions, etc., other plants will expand, will take up the idle men, and the diversion will be accomplished. But by the loan method nobody is out of work at all. The transition takes place by the expansion of the industries supplying things needed for war, drawing men and supplies away from the other establishments by offering higher wages and higher prices for them. This last process is consistent with intensest activity. It is a common story in periods of rising prosperity. The method of exclusive taxation gives us the preliminary phenomena of depression, maladjustment, disorganization. You cannot close down plants by drastic curtailment of demand without a crop of bankruptcies, the influence of which extends far beyond the point which suffers first, leading to distress and bankruptcies elsewhere. It is important, in other words, to give the stimulant first and the sedative second.

What is the method of social control of industry under a system of private property, private enterprise, competition, etc.? It is prices. It is the function of rising prices to encourage production in the lines of rising demand; it is the function of falling prices (or rising costs with constant prices) to reduce production in places where demand is falling, or is not rising in proportion. The great markets, speculative and other, where the price-making forces are focalized, perform the function which a Government would perform under a socialistic organization of industrial society—collect information as to what is going to be consumed and issue commands in the form of price changes—where a Government directly controlling industry would issue authoritative commands.

Taxation Necessary.

What of the sedative? Shall we not tax? Taxation is very necessary. For one thing, heavy taxes are needed as a basis for a thoroughly sound Government credit, if the loans are to be floated satisfactorily. Again, we are not a heavily taxed people, and there can be large taxation without cutting vitally into ordinary budgets. Moreover, certain industries may well be taxed repressively, after the stimulant has been applied elsewhere, to aid in freeing men and raw materials for war purposes. Without any reference to prohibition, to which the present writer is, on the whole, opposed, it would seem eminently desirable to put a prohibitive tax on the manufacture (not the sale) of whisky and beer, as a means of conserving the grain that would otherwise be used. This need not apply to brandy or wines, since it is not so clear that vineyards could be advantageously converted to wheat fields for short-run purposes. One may well see needless industrial activity in the manufacture of pleasure automobiles, and justify heavy taxation on the manufacture and on the possession of automobiles for pleasure purposes, the more readily as the automobile plants can turn out machines which can be used for military and industrial purposes. How far motor trucks and "jitneys" can supplement the railways is a question for the specialist in transportation, but it seems probable that very much could be done along this line. One could surely welcome, in times of national emergency very heavy taxation on the private

(Continued on page 28).

The Value of a Life Insurance Policy

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Prices Effective April 1st

Light Fours	
Touring	$975
Roadster	$950
Country Club	$1110
Big Fours	
Touring	$1190
Roadster	$1170
Coupe	$1730
Sedan	$2030
Light Sixes	
Touring	$1380
Roadster	$1360
Coupe	$1940
Sedan	$2220
Willys-Six	
Touring	$2000
Willys-Knights	
Four Touring	$1950
Four Coupe	$2310
Four Sedan	$2730
Four Limousine	$2730
Eight Touring	$2730

Advance in price, Big Four and Light Six models, May 1st next—deferred until that date account too late to correct advertisements appearing in magazines circulating throughout the month of April.

All prices f. o. b. Toronto

Subject to change without notice

The Overland Big Four—again improved and refined—is the car that built Overland.

This car for nine years has undergone steady development and refinement with the help and advice of an army of owners which now totals over three hundred thousand.

The unprecedented accumulated experience in building this type of car has taught us true balance as nothing else could—the value of right weight—the true tire, gasoline and oil economy—the utmost attainable riding comfort—the lines that truly express refinement and beauty.

The price is $1190 until May 1st—thereafter $1250.

The Light Six is the same model with changes conforming to approved six-cylinder construction and is likewise an excess value car at the price, $1380 until May 1st—thereafter $1435.

These cars represent a safe purchase at a very considerable saving on a basis of comparative values.

Our April deliveries are limited.

The Overland Sales Co., Ltd., Distributors
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94-100 Richmond St. W., Toronto

Willys-Overland, Limited
Head Office and Works, West Toronto, Canada

The Relations of Merchant and Banker

The Necessity for Absolute Frankness and Confidence — Sane Criticism in Order and Helpful, but "Muck-raking" is a Nuisance to Business—Credit, the Life-blood of Trade, Presents a Complex Psychological Problem.

An address by H. W. Parker, President Bankers' Trust and Savings Bank, of Minneapolis.

THE rise of modern banking and the development of commerce, as we know it to-day, have proceeded hand in hand. In this connection, it is well to remember that the great banking institutions of the present period have been of comparatively recent origin. The Bank of Amsterdam was founded in 1609; the Bank of England in 1694, and the Bank of France not until the year 1800.

Now, why should the use of money and the concomitant rise of modern banking make such a difference? The answer is simple enough. Money and credit have enabled us to expand the number and volume of business transactions to an almost infinite extent. Whereas, formerly every merchant was compelled to depend upon his own little stock in trade and its exchangeability with other commodities now his integrity and his business ability can be capitalized, and the entire wealth of the community in which he lives can, in a certain sense, be utilized for the expansion of legitimate business. In a commercial sense, we live in the age of credit. When I speak of credit, I mean that intangible element which enters into practically every business transaction, great or small, of the present time. Without it, the material progress of modern civilization could not go on. Without it, every man within the hearing of my voice would be powerless, not only to enlarge his business but to keep that which he has. Credit is the life-blood of trade, banks the arteries of commerce.

Credit Psychological.

Now, this credit of which I speak is in one sense a peculiar thing. I have called it an intangible element. It is more than that. It is in its fundamental aspect a psychological phenomenon. We bankers are able, by virtue of the confidence which we inspire throughout the community generally to collect the money of the people and hold it on the simple guaranty that we shall pay it back upon demand. We know that so long as we retain that confidence, the flow of money through our hands will be fairly constant, and with the natural growth of the community will gradually increase in volume. The control over this constant flow of money brings to the banker great power and great responsibility. He is thereby enabled to place the combined wealth of the community at the disposal of legitimate business. The responsibility involved in carrying out this trust—for it is in fact an obligation of that character—is necessarily a heavy one. Every time the banker exercises his discretion in approving a loan to a merchant, he is using money of one class of persons who have trusted him to back the business enterprises of another person in whom he in turn has confidence. Just as our depositors must have implicit confidence in us, so we must in turn trust to the honesty and integrity of those who come to us for financial assistance in developing and carrying on their business enterprises. The average merchant is very likely to sustain, at different times in his business career, both relations to his banker. He is necessarily a depositor, and if his business grows as it should, he may be frequently a borrower. This makes the obligation between merchant and banker reciprocal. In fact, modern business is so many-sided and the lines cross each other at so many points, that we are all of us placed in a position where we must inevitably have confidence in one another, in order to carry on business at all. It cannot be gainsaid that the most valuable collateral that you have to deposit with your banker, as security for any loan which you may wish to make is your reputation for honesty and integrity among your fellowmen.

Between Merchant and Banker Absolute Frankness and Confidence Necessary.

The relation that should exist between the merchant and the banker is one of absolute frankness and confidence. Give him frequent insights into your business by discussing your business affairs with him. Do not be offended when your banker asks you for a statement of your affairs. Whether you are seeking credit or not, a statement of your condition is a most excellent thing to have in your banker's hands, and should be sent voluntarily. A banker sometimes declines to make a loan because he is not fully advised as to the affairs of the one seeking it. A statement setting forth one's financial condition should be clear, concise, explicit and absolutely correct. You do not know when the day will come when you will find it necessary to seek accommodations, and if the banker has been kept advised of your affairs you can receive immediately consideration of your request. This applies to the clerks and other employees among you, as well as to the merchants themselves, for there is not a progressive banker anywhere to-day but who wants to believe that the clerks of to-day are the merchants of tomorrow. The road to such ambitious ends is strewn with many adversities, but the employee who has his employer's business at heart, who is loyal, efficient and will co-operate, has made the right beginning.

Credit Must Be Proportionate.

"Good credit in the markets of the world enables the merchant to add to his ability to do business. It gives him the use of enlarged capital, thus enabling him to carry a more complete stock, increase his sales and magnify his profits. Large assets are not always necessary to the creation of credit. What is most desirable is, that credit be in relative proportion to the actual assets, and in harmony with conditions which create and maintain it. A merchant's capital is the sum of his net available resources plus his credit. The giver of credit is a contributor of capital, and becomes, in a certain sense, a partner of the debtor, and, as such, has a perfect right to complete information of the debtor's condition at all times.

"Credit is given a merchant because of the confidence reposed in him. Requesting a statement when credit is asked is not a reflection on one's character, honesty, or business ability, but is done to secure information to enable business to be conducted intelligently."

Borrowers sometimes assume an attitude of resentment towards a banker's requirements regarding a loan. I do not think I am going too far when I say that a banker by virtue of his extended experience is better able oftentimes to judge whether a man should become obligated for a loan or not.

Banker a Financial Physician.

A banker is in a sense your financial physician, and he feels—particularly since if he loans you he becomes a partner temporarily in your business—he has a right to give advice, and I think it well to heed it. Sometimes borrowers become offended when they are asked to either pay or reduce their obligations. Always bear in mind that when a financial institution makes a loan it becomes in a sense a partner in that firm or individual's business or transaction but it is a partnership for a specified time, namely,—the time for which the note reads, and not for an indefinite period. When a bank asks for payment or reduction it is then that the borrower should show his disposition and his ability to pay all or part, and so keep his credit in his bank unshaken.

It has been facetiously remarked that banks want you to pay but if they find you can they do not want you to. Promptness as to the maturity of your obligations and engagements is something that should be religiously observed and practised. Never issue a check against your bank account unless there are funds on deposit to meet it. Indeed every depositor in bank should keep a balance adequate to meet his needs and sufficient to make it worth while for a bank to carry the account. The size of a bank account is an important factor in the extension of credit. Do not use your bank simply as a bookkeeper and a clearing house for your checks, but keep with it a sufficient balance such as will remunerate them for the facilities they have provided for you.

The extent to which the world's business activities are dependent upon this mutual trust and confidence of which I speak, can hardly be overestimated. Upon the foundations of actual tangible wealth, we have erected a vast superstructure, made up of operations dependent upon credit. It is no exaggeration to state that probably 90 per cent. of the business of a country like ours is transacted on this credit basis. In others words, if that mutual trust and confidence upon which credit operations depend, should fail us, the superstructure falls like a house of cards, and the volume of business comes back to an actual cash basis and shrinks to less than one-tenth of its former volume. That is exactly what takes place, to a more or less complete degree, when we have what is known as a financial panic. A panic is merely the result of a wave of distrust which sweeps across the country, destroying credit and leaving business just where it was in the Middle Ages—to be transacted either on a barter and exchange or a cash basis.

Criticism Should Be Encouraged.

The key to the whole situation is of course, the psychological element of mutual confidence, and here lies the great peril which we face continually. Now, you and I have nothing whatever to fear from just and reasonable criticism. If our methods will not stand most rigid examination, they ought to be shown up and we should suffer the consequences. Sane and reasonable criticism of American business by intelligent critics, who have taken the trouble to inform themselves accurately of the conditions with which they deal, should by all means be encouraged. That sort of thing will help every honest banker and every honest business man, as well as the community generally. On the other hand, I believe we all have a distinct grievance against the latter day muckraker, who, assuming all knowledge and experience as his province, proceeds, after a careless and cursory examination of some complicated and technical situation, to launch a reckless and unqualified condemnation in the public prints against some one or more branches of business activity. I am not speaking of a particular incident in this line. Instances will occur to the minds of all of you.

Why the Muckraker Is a Menace to Business.

Now, the special reason why the reckless muckraker is a menace to modern business is that he is playing with fire. The reputation of a business man is a good deal like that of a woman. As unfounded slander, although completely refuted, leaves its mark. That is why the recovery from a financial panic is slow. That is why no man should proceed otherwise than with the utmost caution in doing anything, by act or deed, which may affect the institutions of public and private credit. It is exceedingly easy to destroy credit; it is exceedingly difficult to repair the damage.

Sir Walter Scott has said: "Credit is like a lookingglass, which, when once sullied by a breath, may be wiped clear; but if once cracked can never be repaired."

The single concrete idea which I should like to enforce and leave with you is this: That the intangible element of credit is the all important feature of modern business; that it rests entirely upon mutual confidence, and that it is sensitive in the highest degree and therefore easily undermined and destroyed. The maintenance of credit in the higher and general sense in which the term is used is something which we must always have before us.

Here in Minnesota, we live in a land of almost limitless natural wealth and potential prosperity. The character of our population is such that we can all look forward to a great golden age of material development, far beyond anything that the past has shown. I believe I voice the sentiment of every banker in the state when I say that the wave of prosperity is even now sweeping us onward to far greater things than we have yet known.

BRITAIN'S WAR DEBT.

Forecasts Largely Exceeded in the Last Fiscal Year.

Unexpectedly the expenditure of Great Britain for the financial year just closed exceeded recent forecasts by approximately £60,000,000. Fortunately the incident is a cause for congratulation rather than regrets. In any event the liabilities representing the addition would have matured in the relatively near future, but circumstances combined to bring the payments into the period terminating on March 31. A sum of §18,000,000 is required for payments to the Australian Commonwealth for wheat, a further sum of £19,000,000 for munitions and ships, and the balance of £23,000,000 for advances to the Dominions and Allies.

Payment earlier than anticipated for Australia's wheat should mean its arrival sooner than was formerly hoped for, and speeding up has occurred in regard to munitions contracts, and the delivery of ships. Similarly the increase in the amount required for war purposes by the Dominions and Allies can only mean that purchases are being made in advance of original intentions, and any increase in the resources of the powers that are fighting for civilization at a moment when decisive events may be taking place is not only of the utmost advantage, but may prove eventually to have led to real economy if thereby the duration of the war is shortened.

The extra sum which must be provided within a short space of time, superimposed upon liabilities already sufficiently heavy, is, of course, a seriout matter; but the finances of the country are capable of carrying a far greater load than has been thrust upon them up to the present time. The new vote will raise the war credits for the current year to £2,010,000,000, and will increase the total since the commencement of hostilities to £3,792,000,000.

The latter figure does not represent the aggregate national expenditure since the fateful days of August, 1914, because considerable sums are provided from other sources. Including such items the outlays will have substantially exceeded £4,000,000,000. That, however, is not the amount added to the liabilities of the state. A very satisfactory proportion has been provided from revenue.

On March 31, 1917, the national debt amounted to about £3,900,000,000, in contrast with its total before the war of approximately £706,000,000. That means an increase of £3,194,000,000, but £964,000,000 of this, placed at the disposal of the Allies and dominions, and is recoverable, so that the net addition to the national indebtedness was at that date £2,230,000,000. On the most conservative estimate, the revenue for the current twelve months will amount to £560,000,000, or fully £360,000,000 above the sum gathered during the last year of peace. Deduct £140,000,000 as the product of the excess profits duty which, being a war impost only, must be left out of account when dealing with future liabilities and the means of meeting them, and considerably more than £200,000,000 will be available on the existing basis of taxation for interest on war debt and other state obligations arising from the conflict. That more than ample provision has been made for liabilities already incurred is therefore plain, and no doubt is entertained that a further considerable amount could be raised by taxation, direct or indirect, without subjecting the nation to any undue strain or running even the smallest risk of creating war weariness among the people.

SHOULD WEALTH BE CONSCRIPTED?

(Continued from page 27).

employment of chauffeurs for pleasure purposes, if it is clear that employment is ready for those chauffeurs in needed service for military or industrial transportation. Further, an enormous lot of public construction of buildings, bridges, river and harbor work, etc., can be quickly and radically curtailed if the labor can be employed elsewhere. These are merely illustrations of a large set of possibilities.

By steps none too gradual, we may increase the Federal income tax to rates which will go far toward reducing the war debt, and which in time, if the war should last long, will markedly reduce the need for borrowing. The exemption could be reduced to $2,000 or $1,500, and the rates on large incomes could be finally made exceedingly high. Experiment could show how far this could be taken, if the thing is done step by step. The writer accepts the equity of it without question. He wishes, however, that demand from the Government should increase more rapidly than demand from the people decreases. But he would urge that the taxation should be moderately applied to those industries which it is most imperative to stimulate. That corporations should not make profits out of the war is a desirable goal. But it is very much more important that industry in producing war supplies should move at full speed. It is better, therefore, to tax incomes, from whatsoever source derived, received by individuals, than to strike drastically at the earnings of corporations themselves.

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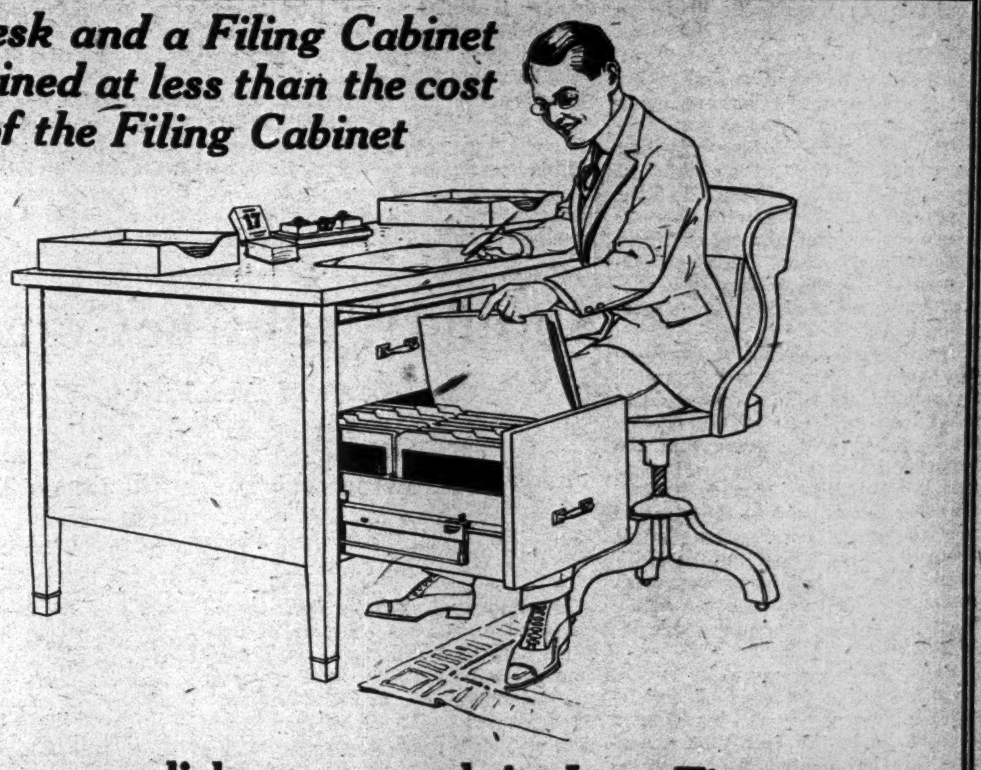

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